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FBIS-USR-93-156

13 December 1993

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**CENTRAL EURASIA**

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# FBIS Report: Central Eurasia

FBIS-USR-93-156

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### Resistance to Settling Schneerson Library Issue Deplored

944F0165A Moscow NOVOYE VREM'YA in Russian  
No 46, Nov 93 (signed to press 9 Nov 93) pp 32-36

[Article by Professor Leonid Goldin: "Misadventures of the Hasidim in Russia. Can Russia Live Without Schneerson's Books?"]

[Text] A diagnosis of the social condition and an appreciation of the main characters of the country's political theater from the start of perestroika through the present times may be determined with considerable reliability, I believe, via the exclusively specific business, barely known, essentially, even to many of the active participants in the events, of the books of the Lubavitcher rebbe Menachem Schneerson.

About two years ago, knowing nothing of these books, nor of the Hasidim, who were insistently demanding them, I nonetheless wrote a piece condemning extremist methods of struggle for the cultural heritage. The Hasidim had at that time long been picketing the Lenin Library, and the affair culminated in a fight with the militia.

The strange people dressed in black with tassels on their thighs evoked contradictory feelings. Both curiosity, affection even—by their lack of inhibition, which can be discerned even without contact, and their inner freedom. And irritation also: They were just what we needed in the inflamed Russian life, where Jewry is on everyone's lips as it is, and whoever mentions it—be it the chauvinist-patriot or democrat-cosmopolitan—merely adds fuel to the fire. I had no thought of investigating, let alone writing about, the Hasidim.

But things turned out otherwise. PRAVDA (I have been a subscriber and contributor for many years) carried the article "Satanic Tribe," in which the killing of three monks in Optina Pustyn was linked with descriptions of ritual sacrifice in Schneerson's books. This—medieval obscurantism—is not a Jewish topic, I responded to the call for a new Beylis trial with an article in IZVESTIYA. PRAVDA immediately rejected the criticism, and the polemic had to be continued. Ultimately, PRAVDA published—uncut!—my article "Ignorance Is a Demonic Force" (Marx), acknowledged that I was right, and apologized.

Not everyone believed in the sincerity of the apologies; an international row, in which the U.S. Department of State, the Foreign Ministry, and the General Procuracy were involved, had by this time broken out, and I also, I did not understand in what capacity, was summoned to the public procurator's office. There was nothing for me to add to what had been written, and my interlocutor—the young investigator Sergey Voytov—was dismayed by the scale of the assignment: studying the history and content of the library and reporting to the leadership. I sensed no prejudice on his part.

My articles were discussed in the synagogue on Bronnaya and were deemed by majority vote to be of little use and not devoid of anti-Semitism. Tankred Golenpolksi, chief editor of YEVREYSKAYA GAZETA, said that all of Israel was incensed at my publications. The critics were not content with the fact that, aside from all else, I had proposed that the American Government take the Hasidim home and out of harm's way, inasmuch as our state cannot ensure the safety even of its own, less extravagant, citizens.

I was not prepared to fight on two fronts, and resolved to drop this subject. But how little do our intentions signify. Soon after, completely out of the blue, files containing hundreds of documents reflecting the history of the struggle for the books of the Lubavitcher rebbe came into my hands.

### Dramatis Personae

If the Russian and Western establishments are ranked in order of importance in terms of their actual role in political life and influence on the course of events, the number of appeals to a given person apropos the books of the Lubavitcher rebbe should be taken as a dependable criterion of "who's who" and who's worth anything and could get anything done.

A new influential figure appears—new appeals follow. If someone considers himself significant and smart, but has on this matter received no appeals for help or advice, the person most likely suffers from megalomania. But there are in the Agudat Hasideh Habad documents many characters about whom it is said: "We cannot give his name."

A most active role in the struggle for the books has been performed in recent years by Veronika Irina, a doctor of philosophy and rector of the Maimonides Jewish State Academy, which was recently created thanks to her endeavors. The decision on the creation of the academy was signed by G. Burbulis, for which he will never be forgotten by the patriots. I had initially thought that the academy, whereat provision had been made for a research library, had been created for there to be a place to which Schneerson's books might be transferred from the Lenin Library. Irina was incensed at this scenario, and it is beyond me to understand what she has in mind.

Many people speak of Irina as a person of the keenest intellect, a wealth of intuition, and fantastic energy. But there are other opinions also. I shall not venture to settle the argument of the disputants, nor is it important what her fellow citizens think of her. For it was she whom Rebbe Schneerson—never having seen anyone or spoken with anyone prior to this—chose to express his wishes in all things connected with the library. Irina disclosed and made public the fact of the location of the books in the Lenin Library. For the Hasidim this is far more important than Schliemann's discovery of Troy. In addition, the rabbis would be simply helpless without the small, slender, chain-smoking woman, who has a virtuoso

knowledge of all the wealth of expressive Russian speech and who can open any door in the corridors of Russian power.

And one further decision of the rebbe's: Not a kopek shall be paid for the library. Even the nonreligious person will be able to appreciate the brilliance of this decision, which was adopted before Russia had become immersed in total corruption. Had there come to be the whiff of big money, not only those playing political games but also a mass of involved people endeavoring to grab their share would have stood in the way. Armand Hammer, who had devoted many years to the struggle for the books, was resolved to disobey and pay from his own pocket, and attempted to learn the price. The figure mentioned originally rapidly grew tenfold, and he spat (in his interlocutor's face, according to him) and, possibly, realized for the first time in his long life that money is not a universal medium, even at the stage of its primitive accumulation. The California billionaire Jerry Weintraub attempted to double-check Hammer's conclusions, but arrived at the same results. So those who want to pay or acquire for services rendered are not participants in the present events.

Among the principal characters are dozens of Hasidic students who have come to Russia for practical experience. They teach in the synagogues and Jewish schools the mysteries of the Torah and the customs of their forefathers. They put up with a mass of discomforts—they have nowhere to live, they often sleep on the floor of the synagogue, they have no kosher food. The boys are clearly not of this world, but they do not complain, and they keep up their optimism even under Russian circumstances. "If the rebbe were to tell us to, we would jump into the fire," the 20-year-old Mendel says. Each of them has encyclopedic knowledge of the Torah, which helps them in exclusively practical matters also. They treat with composure the posters and leaflets saying: "Let us save our children from the Hasidic animals": "There have been worse things in Jewish history." They know no fear. "God knows when and where to take our lives." The Hasidim had gone to look at the White House at the height of the October events, and people threw stones at them and rushed at them with metal bars. "What happened to you?" I asked with alarm. "It is all right; we can run fast," Simkha and Tsimah laughed; "they did not catch us." They had no fear or malice. "You think too much about yourself, not about God; that is why you are anxious and concerned at what other people say about you," Simkha explained to me. I felt myself to be an entirely foolish little boy in conversation with the 19-year-old Chaim Kunin, a fifth-generation rabbi. His brother, Iosif, is two years older and is the chief rabbi of the synagogue on Bronnaya. There are 13 children in the family, all males—devotees of the Torah.

The key figures of the fight for the Hasidic sacred objects are the rabbis B. Kunin, A. Aronov, I. Kogan, and S. Levin. They not only pray for the return of the books—despite their high office and authority, it is several years now that they have been writing to all authorities and

pestering the strong of this world and those who have access to them. D. Aronov I do not know; Levin I have seen—the quiet, inconspicuous custodian of the library in Brooklyn. Kunin and Kogan I have heard repeatedly. People of a higher mental strength and conviction I have not met.

The head of the present generation of Hasidim is rabbi Menachem Mendel Schneerson. The books belonged to his ancestors. He is 92 years old and seriously ill. A sage and philosopher and person of all-encompassing learning. The supporters of Hasidism are staggered by his intuition and visionary power. The Hasidim believe that after the rebbe, who has no children, will come Moshiakh—the Messiah—and that he is already on his way.

#### The Lubavitcher Collection

The books and manuscripts of the Schneerson Library—approximately 150,000 volumes—are kept at the present time in Brooklyn (New York). Approximately 12,000 texts, collected by seven generations of Lubavitcher rabbis, are in the Lenin Library. In 1916, when the German Army was approaching the Belorussian town of Lyubavichi, where the rabbis had lived for more than a century, the fifth rebbe, Sholom Schneerson, dispatched part of the library to the Persis depositories in Moscow. After the revolution, his son began a dogged struggle with the authorities for the return of the books. In 1922, the authorities gave permission in writing, but did not allow it to be realized in practice. And shortly thereafter, the sixth rebbe was arrested and sentenced to death. Thanks to the intervention of Yekaterina Peshkova, the wife of Gorkiy, and international pressure, the sentence was commuted—initially to hard labor, then to exile, after which he left for Poland and then the United States. In 1977 the Polish authorities allowed him to bring with him part of his library, which has remained in that country.

An influential advocate of the Schneerson family was the friend of Soviet leaders, Armand Hammer, who from 1980 until his death in 1990 attempted to find the books. But he was told constantly that it was not known whether there were a collection at all or, if so, where it was located.

M. Gorbachev and the new international relations afforded the Hasidim new hope. On 27 November 1990 four rabbis came to Moscow and together with Irina managed to find books in the Lenin Library that had not been registered and that had remained in the same condition as in 1916.

Regardless of past and future events, motives and emotions, we need to say "thank you" to the custodians of the Lenin Library. Whatever the case, the books were preserved.

*"There is no power that can conquer the Soviet bureaucracy"* (A. Hammer)

The four rabbis—official representatives of Schneerson—compiled a description of their adventures: "Moscow Mission: Diary of Affliction." The notes contain much humor and self-irony—the tried-and-tested protective forms in the millennial struggle for survival helped in relations with the Soviet authorities and officialdom also.

The key figures at this stage were M. Gorbachev and N. Gubenko, and dozens of people from among their associates were engaged also. On 29 and 30 November 1990 the rabbis were shown a full list of the books, and the rebbe's request of 1922 for the return of the books, the authorities' permission for this, and the Lenin Library's refusal to comply with this instruction were discovered here. Bolshevik discipline was not that strong. But the main thing is that the rabbis saw the books whole and entire. All this was accompanied by assurances of the most serious and responsible people that the matter would be settled and the books returned.

But on 3 December Gubenko and his deputies said that it was still necessary to confer with Soviet intellectuals. Arguments to the effect that there had been 70 years for this did not work. The Hasidim were, naturally, in shock. They characterize the content of the negotiations with Gubenko as "unusual." Whoever has an idea of the temperament and discussion style of both the Hasidim and Gubenko can imagine what this was like. On 4 December the rabbis met the leadership of the Foreign Ministry, and E. Shevardnadze promised to talk with Gorbachev. They even met with B. Yeltsin, president of the Russian Federation, who, as the diary recorded, "promised our cause full support."

In response to the last letter written in his long life by A. Hammer to M. Gorbachev, requesting a settlement of the matter of the books, N. Gubenko notified him on 10 December that the Schneerson collection had been nationalized in 1921 and was state property. The minister of culture also thanked Hammer "for the splendid reception that he had laid on for his wife in Los Angeles."

The Foreign Ministry and the people from Gorbachev's group prepared a meeting with the president, and the time was set, but the meeting did not take place—it was ultimately reported that there were in the government different opinions.

V. Irina decided that it was necessary to appeal to the legal authorities. With the involvement of the Soviet Embassy in Washington and the U.S. Embassy in Moscow, the Moscow City Bar Association Foreign Legal Collegium and the Union Justice Ministry took up the case, and contacts with the Ministry of Culture with the participation of an infinitely wide range of people continued. Finally, Gubenko said that he would never return the books, whatever the petitions.

Academician Dmitriy Likhachev participated seriously in the fate of the library. He wrote to Gorbachev, Lukyanov, Gubenko, and Lushnikov (Justice Ministry),

trying to persuade them that the books should be returned. The Hasidim were told that Gorbachev and Lukyanov had signed a document on the return of the books. The ceremony of this act had been discussed with the Ministry of Culture.

On 3 January 1991 the U.S. Embassy announced that Gubenko had said that the books would not be returned.

Robert Maxwell became actively involved in the matter and gave the assurance that there would shortly be the best solution of the affair. People who had an idea of the scale of the influence and knowledgeability of the British publisher shed their misgivings. On the other side, Gubenko's friend and teacher, Yuriy Lyubimov, was not remaining aloof either and was promising to do all he could.

An announcement came from Gorbachev's reception area on 8 January that the president had instructed Gubenko to return the books. Gubenko announced that there were serious objections to this decision.

The Hasidim made enormous efforts to meet with Gorbachev in person. But the Gulf War began on 15 January, and the president had no time for books. A pleasant event also occurred at this time—A. Bessmertnykh, who had previously been ambassador in Washington and who knew all the peripeteias of the problem inside out, became the new foreign minister. And he was soon to have a meeting with Bush and Baker, who would not permit avoidance of a straight answer.

The stream of letters, petitions, and official and unofficial requests from all over the world grew like an avalanche. A. Yakovlev, Ye. Primakov, A. Lukyanov, First Lady Raisa, academicians Yu. Ryzhov and V. Ivanov, and dozens of other names are ever-present on the pages of the deplorable Hasidic narrative. The most authoritative people maintained on dozens of occasions that the decision had been made and that the books would be returned in a day or two.

After August 1991, the problem was inherited by the new Russian authorities. There was a fleeting glimpse of the names B. Yeltsin, G. Burbulis, A. Kozyrev, A. Shokhin, R. Khasbulatov, S. Baburin—the new persons in the political theater were playing the previous games. "We will hand over the books immediately," was heard just as often as "We will never hand them over." Yeltsin discussed the matter at Camp David with the U.S. President, with senators, with Secretary of State Baker.

There were further sessions of the court, demonstrations for and against, a tumultuous polemic in the mass media, a statement by V. Deryagin, head of the Lenin Library Manuscripts Department, on his readiness for self-immolation together with the collection and the reciprocal readiness of the Hasidim to set fire to themselves in the name of its salvation and much, much else.

**From the Documents**

**From Rebbe Iosif Schneerson, 22 November 1922.**

"...I apply for the return of my library, which is the property of my family. I greatly need it for research.... My library could be of interest only to a limited number of Jewish theoreticians."

**From the Moscow City Bar Association Foreign Legal Collegium, 14 November 1990.**

"We believe that the Habad organization, in the person of the seventh Lubavitcher rebbe Schneerson, may be deemed the owner of the library of the Lubavitcher Schneerson rebbes. In accordance with legislation of the USSR, a representative may on the basis of properly drafted power of attorney obtain the property of the principal."

**From State Arbiter V.N. Terno, 26 September 1991.**

"To attach the 'Schneerson Library' in the following physical terms: 381 manuscripts (in the Manuscripts Department); 2,000 books in the Central Repository; 87 books in the Rumyantsev Book Museum; 1,000 books at the repository in Khimki."

**From Senator A. Gore to Boris Yeltsin, 8 November 1991.**

"Western businessmen have to think hard about entering into a financial relationship with any Russian organizations, considering that agreements have no more validity in the Russian Federation than they had in the Soviet Union. The U.S. Government... will also have difficulty explaining how the Senate can approve decisions if the Russian court is powerless to ensure compliance with its rulings."

**From S.A. Kovalev, chairman of the RSFSR Supreme Soviet Human Rights Committee, to V.V. Grebennikov, chief arbiter of the RSFSR, 24 September 1991**

"We would request that you adopt measures to remove the obstacle to the owners of the Schneerson Library, up to and including its return to its rightful owners, and prevent an exacerbation of the situation, which could lead to a loss of life."

**From V.S. Polosin, chairman of the RSFSR Supreme Soviet Committee for Freedom of Worship, to S.A. Kovalev, 26 September 1991**

"Comrade Gubenko has shown himself to be an extremely partial, one-sided individual, constantly acting in support of the atheistic creed inherent in him. One notes also the fact of the outflow abroad of ancient icons with the assistance of the ministry headed by Comrade Gubenko, which testifies to the insincerity of the assurances of concern for some culture common to all mankind.... The decision of N.N. Gubenko and certain fanatics who think as he does from the State Library named after Ulyanov-Lenin, the great persecutor

of traditional religions, is in a political sense entirely myopic... and undermines the already low prestige of our state."

**Decision of the RSFSR State Arbitration Committee of 8 October 1991**

"To recognize the demands of the Habad Lubavitcher Hasidim religious community for the actual return of the collection of books and manuscripts known as the 'Schneerson Library' as justified and subject to satisfaction. To require the V.I. Lenin State Library to hand over within a month's time the 'Schneerson Library' to the Habad Lubavitcher Hasidim Jewish religious community."

**Decision of the KSF SR State Arbitration Committee of 18 November 1991**

"To require the V.I. Lenin State Library hand over the disputed collection of books and manuscripts called the 'Schneerson Library' to the Jewish National Library, which has been involved in the proceedings as the other party on the side of the plaintiff."

**From U.S. senators (as a body) to B. Yeltsin, 24 January 1992**

"...This matter has been raised many times at the highest level by the former Soviet Government and also by your government.... It appeared that action would be taken...."

**From the Government of the Russian Federation. Directive, 29 January 1992**

"To the Maimonides (Rambam) State Jewish Academy: Make provision for measures for the safekeeping of the Schneerson Library collections which you have received."

**To the Moscow Public Procurator's Office from the "Christian Revival" Union Duma, 2 December 1991**

"The data contained in the documents and material of the Schneerson Library may confirm extant judicial-historical data on the existence in the Hasidic sect of a strictly secret caste of votaries practicing monstrous killings of children for the purpose of religious worship. We request that you conduct an analysis of the investigative files on the instances of monstrous killings, particularly of small children."

**Decree of the Supreme Soviet of the Russian Federation, 19 February 1992**

"Cancel Directives 157 of 29 January 1992 and 233 of 4 February 1992 of A.N. Shokhin, deputy chairman of the Government of the Russian Federation."

**Most Important National Property**

Even the impartial reader would conclude that it was a question of treasures of inconceivable material value. Of what kind of worth are Russian oil, gas, timber, gold, and

diamonds, which are passing abroad without any particular discussion; the main thing is that we should not miscaicuiate when it comes to Schneerson's books.

But, according to the common opinion of experts, these books do not represent a new page in history—even the history of Jewish literature. With a few exceptions, the books are not a rarity, they were printed, in the main, in the 19th century in Russia and are available in many of our libraries. Academic circles have not displayed and are not now displaying any interest in them, and the country has practically no specialists in this field. At the same time, on the other hand, the conditions for the custody of genuine rarities of history and culture are lacking. Many books in Russia's national libraries crumble into dust at the first touch, and it is clear that this fate awaits the Schneerson books.

There are in the United States the celebrated Smolensk Archives, which had been captured by the Hitlerites and which ended up there during the war. On account of the behavior of our authorities, the Senate has resisted their return to Russia. No particular emotions on the part of the patriots have been observed. Just as in the solution of questions connected with the return of trophy captured by the Soviet Army during the war. But it could, and not without arguments, be seriously contested.

More cultural and sacral treasures have been taken out of Russia in recent years than in the entire history of Soviet power, possibly. The press is writing a great deal about this—no social and political passions are observed. The central press reports: Two former people's deputies of the Russian Federation—Viktor Yegorshin, chief of the St. Petersburg Internal Affairs Main Administration, who is also head of the city's Criminal Investigation Department, and Igor Kucherenko, former officer of St. Petersburg's Frunzenskiy Internal Affairs Administration—were detained on 9 October at Sheremetyevo 2 Airport while attempting to take to the United States a consignment of antiques. An explanation followed: The credulous detectives had been "approached by a person who asked them to carry his effects, which they at the customs subsequently passed off as their own. What became of the person is not known" (IZVESTIYA, 15 October 1993). A routine episode of our life—it could happen to anyone.

Pragmatists argue: "Let the rich Jews pay; it is stupid to pass up such an opportunity." They will not pay. The rebbe, as distinct from our politicians, does not go in for idle talk. Compensation for storage costs and a conciliatory, mutually beneficial agreement are another matter (this is my opinion). Why not?

Schneerson's books are a unique value only for the Hasidim. Their margins contain notes made by Schneerson's forebears—who other than the Hasidim are interested in their contents? There are people who are convinced that instructions pertaining to ritual killings are

contained there: Let with the participation of all interested representatives copies be made; this is not now technically difficult.

Public opinion treated with understanding the entreaty of the widow of Rory Peck—the British cameraman who died at Ostankino: "Return my husband's watch." It is of no material value, but was his wife's gift to Rory on their wedding day. Perhaps this example makes it possible to understand also the feelings of the sick old man who is imploring God for the opportunity to touch the relics of his forefathers.

#### Inconclusive Conclusions

I would venture sooner to judge whether the islands will be returned to the Japanese or how the Emergency Committee and October putsch proceedings will end than to forecast the fate of the Schneerson books. I cannot, nor do I want to, take on myself the role of expert or judge—how to extricate ourselves from the circumstances that have evolved? But the story of the Schneerson family and its library makes it possible to judge with sufficient reliability the society in which we live. Medieval obscurantism and a total disregard for laws and property rights determine the mass consciousness and behavior of politicians to a far greater extent than the achievement of a technotronic civilization and democratic phrase-mongering. The professionalism of politicians and their moral qualities are illuminated as convincingly as could be. It is not that important what position has been adopted or what has been written and said by this character or the other—the overall picture and the results of the activity of state mechanisms and institutions are more important.

Our universal class approach—to whom the good—is even inapplicable here. Political schizophrenia and total moral degradation are to the good of no one and a common disaster for all. But even the people who could demolish the USSR and the CPSU, radically alter the forms of social existence, and make up their minds to a tank assault on the White House are impotent in the case of the Schneerson Library. And it is not a question of their being up to here with other concerns. There is no escaping this issue; it is a constant headache at home and abroad.

A new message from the Senate, addressed to the Russian president and signed by G. Mitchell, has just arrived. Secretary of State W. Christopher did not overlook this problem during his visit to Moscow, of course. A. Gore, who made big efforts in support of the cause of the Hasidim when he was a senator, will not in November fail to avail himself of the new opportunity. Hypotheses may be built concerning the program of the upcoming Yeltsin-Clinton summit, but the Schneerson books will certainly be a topic. The pressure on B. Yeltsin and his associates will grow. The logic is thus: The conservatives, the communo-fascists, parliament were in your way yesterday. Who is in your way today?

The answer is ambivalent. Politicians making decisions—even within the confines of a united bloc—are afraid that their rivals will use against them the disregard-for-national-property card. Many compatriots could sooner be persuaded that we would live without oil and the nuclear fleet than without Schneerson's books. It has been ineradicably driven into the subcortex that nothing so damages the reputation of the powers that be as being suspected of sympathies for Zionism. They have been caught stealing, they are immoderate in their liking for alcohol, they have a devotion to homosexuality—all this is rubbish compared with the main sin.

There are other reasons, also of considerable importance, as well. Unity and mutual support in Jewish

organizations exists only in the imagination of the fighters against the world Zionist conspiracy.

But the Hasidim believe in the omnipotence of God, the coming of the Messiah, and the wisdom of the rebbe. They have, therefore, time, patience and conviction as to the rightness of their cause. For what do their opponents hope? This is not a rhetorical question. These people have their arguments, and not only at the level of Black Hundred ideas, possibly. There are, most likely, documents and pieces of evidence unknown to the author of this article. Perhaps there will be those who wish to make them public and to continue the polemic, the meaning of which is much broader than the fate of a private collection of books.

### Chronicle of Ethnic Migration Induced by Regional Conflicts

944K0343A Moscow MOSCOW NEWS in English  
No 47, 19 Nov 93 p 6

[First paragraph is introductory paragraph]

[Text] It was during the flowering of "Soviet internationalism" that seeds of ethnic discord were sown which produced sprouts during the "liberalization" of the late 80s.

#### Chronicle

**The Armenian-Azerbaijani war.** On February 13, 1988 a demonstration was held in Stepanakert for the separation of the Nagorno-Karabakh region from the Azerbaijan Soviet Socialist Republic and its inclusion in the Armenian Soviet Socialist Republic. The first Azerbaijani refugees from Armenia appeared in Baku on February 18. They were isolated, put on buses and... sent back to Armenia. They appeared again, not in Baku but at the homes of their relatives and fellow countrymen in Sumgait and nearby villages. There many Azerbaijanis were living who had been resettled from Armenia back in the early 50s. The events of February 27-29 made Sumgait a common noun.

Almost all Azerbaijanis—about 180-200 thousand people—were deported from Armenia at the end of November and beginning of December 1988. After that about the same number of Armenians were banished from Azerbaijan. Pogroms of Armenians were staged in Baku in January 1990.

The result of the hostilities of the last three years are more than one million Azerbaijani refugees and about half a million Armenian refugees.

**Ferghana.** A massacre of Meskhetian Turks began in the Ferghana valley in Uzbekistan in May 1989. The conflict ended in the banishment of all Meskhetian Turks living there to Russia and Azerbaijan. There were no Turks in Uzbekistan by the summer of 1989. But Georgia refused to allow them to return to their homeland, Meskhetia and Javakhetia, on the pretext that villages there were occupied by new settlers, Armenians, although many villages are not inhabited.

**The Ossetian-Georgian war.** 1990-1992. According to various sources from 40,000 to 55,000 Ossetians fled to South and North Ossetia from inner districts of Georgia. In South Ossetia proper Georgians have remained in several villages of the Liakhv gorge and in four villages protected by a mixed Russian-Georgian battalion of peacekeeping forces.

**The Ossetian-Ingush war.** October-November 1992. Almost all Ingushes have been banished from the Prigorodny district of North Ossetia as a result of the Ossetian-Ingush conflict. The Ingushes living in three villages of the Prigorodny district (about 3,000) are protected by special-purpose troops and a battalion of peacekeeping forces of the Russian Federation. They practically live in reservations the liquidation of which is demanded by the Supreme Soviet of North Ossetia. This means the deportation of the remaining Ingushes. There are up to 100,000 refugees in Ingushetia.

**The Georgian-Abkhazian war.** May 1992-October 1993. It was preceded by the policy of resettling the Georgian population of Mingrelia, Mountain Svanetia and Imeretia in Abkhazia (1920s-1950s). As a result of the deportation of Greeks and Armenians (40s) and the settlement of Russians there (20s, 30s, the end of 40s and 50s) the ethnic composition of Abkhazia before 1982 was as follows: Abkhazians accounted for 18 percent of the total population, Georgians for 46%, and Armenians, Greeks, Jews, Russians and others for 36%. After the end of the Georgian-Abkhazian war 50,000 to 60,000 Georgians became refugees, which accounts for almost 40% of their total number in Abkhazia.

**The clan war in Tajikistan.** May-December 1992. The bloc of Garmtses and Pamirians (demo-Islamic bloc) established their power in Dushanbe. Khodjent (Leninabad) and Kulyab ("procommunist" bloc) became an armed opposition. As a result of the victory of the "procommunist" forces of the People's Front their opponents (1/3 of the republic's population) were banished to Afghanistan and the Pamirs. Of the 350,000 refugees up to 100,000 have come back. The Dushanbe authorities do not allow the rest to return under two pretexts—the fear of contagious diseases and the belonging to "Islamic combatants."

LOGOTIP-KP Agency, MN's division of ethnic policy

### CIS Nine Month Economic Figures Published

944E0259A Moscow DELOVOY MIR in Russian  
8-14 Nov 93 pp 14-15

[Report of CIS Statistics Committee: "The Economy of the Commonwealth of Independent States in January-September 1993"]

[Text] The following figures illustrate changes in the basic socioeconomic indicators of Commonwealth countries in January-September this year in comparison with the figures for the same period last year:

Countries	Jan-Sep 93 in % of Jan-Sep 92					
	Net physical product (comparable prices)	Total industrial product (comparable prices)	Industrial wholesale price index	Personal monetary income	Personal monetary expenditures on goods and services	Retail commodity turnover (comparable prices)
Azerbaijan	88.4	90.0	1209	977.5	610.5	57.0
Armenia	71.6	60.1	790	799.4	426.3	58.6
Belarus	89.0	85.4	1575	1163.9	1057.4	102.1
Kazakhstan	83.2	87.9	1461	1113.2	797.2	85.7
Kyrgyzstan	84.6	73.0	875	742.0	547.5	78.7
Moldova	91.4	107.0	982	813.7	725.0	77.5*
Russia	85.5	83.5	975	1103.5	1056.1	104.5
Tajikistan	—	74.5	1080	897.2	647.4	37.4
Turkmenistan	—	118.8	1627	1697.6	1091.4	112.9
Uzbekistan	100.2	102.5	1200	1199	928.7	123.4
Ukraine <sup>1</sup>	88.0	92	...	...	...	83.9
CIS	86.7	85.1	1057	1106.3	1024	98.6

1. These and subsequent figures are estimates and the data of bilateral informational exchanges.

Key for all tables: — not applicable; ... = data lacking (or not submitted); \* = estimate

The combined foreign trade operations of the Commonwealth states (excluding trade between these states) in January-September totaled 50.2 billion dollars and was 27 percent below the figure for January-September 1992. Export goods delivered to the world market in these nine months were worth 33.3 billion dollars—1.8 billion dollars, or 5 percent, less than in the same period last year. The volume of goods imported during this period decreased by 16.5 billion dollars, or by 49 percent, and was estimated at 16.9 billion dollars.

The export-import transactions of the Commonwealth states in the first quarter were worth 14.4 billion dollars, as compared to 18.8 billion in the second quarter and 17 billion in the third quarter of this year (the respective figures for the corresponding periods last year were 19 billion, 23.9 billion, and 25.6 billion dollars).

In September 1,044,000 people were granted unemployed status, representing 70 percent of the jobless individuals applying to the employment service in search of work. Data on the number of unemployed individuals in the Commonwealth states are presented below (in thousands):

Countries	Number of jobless at end of month, total		Number with unemployed status		Number collecting benefits	
	Jan	Sep	Jan	Sep	Jan	Sep
Azerbaijan	35.0	43.0	5.9	19.1	6.7	5.0
Armenia	67.8	106.8	61.8	95.9	38.2	33.8
Belarus	31.4	63.4	31.4	63.4	21.5	29.6
Kazakhstan	...	...	35.6	37.2	17.7	15.5
Kyrgyzstan	6.0	7.9	1.9	2.8	1.8	1.9
Moldova	19.7	13.7	14.2	10.4	4.2	3.7
Russia	1028.8	968.6	628.0	706.0	411.3	449.2
Tajikistan	31.0	85.5	8.6	16.5	4.3	5.1
Uzbekistan	23.9	32.9	10.8	14.4	8.9	7.9
Ukraine	143.7	128.8	73.2	78.7	49.9	40.9

The total number of unemployed individuals collecting unemployment benefits almost reached 600,000. The average amount of compensation in September was 9,830 rubles in Moldova, which was 1.3 times the minimum wage at that time (the average amount of compensation in June was 2,925 rubles, and in January it was 955 rubles). In Russia the average amount of

compensation had risen to 10,269 rubles in September (as compared to 5,938 in June and 1,284 in January), with an official minimum wage of 7,740 rubles during that period.

There were strikes in Belarus, Kazakhstan, Russia, and Ukraine in January-September 1993. There were fewer

strikes than last year in all of the countries but Ukraine. The strikes were joined by 350,000 people, and losses of work time amounted to 2.8 million man-days, with Belarus accounting for nine-tenths of the total.

According to the Russian Federal Migration Service, the number of refugees applying for residence permits exceeded 180,000 in the first eight months of the year. Most had come from Tajikistan (30 percent), Azerbaijan and Georgia (17 percent each), and Uzbekistan (6 percent).

The number of new residents who had been forced to leave Chechnya was 30,000, or 17 percent of all the refugees in these eight months. One-third of these people arrived within a period of just three months (June-August).

#### Industry

The total industrial product in comparable prices in the Commonwealth as a whole in January-September this year was 14.9 percent below the figure for January-September 1992. Average daily output was 14 percent below (there were fewer work days this year than last). The output was 30 percent below the figure for January-September 1991.

Countries	Consumer goods	Food	Non-food	Light industry	Cultural, personal, household
Azerbaijan	91	93	100.5	94	104
Belarus	75	50	85	74	91
Bulgaria	98	92	101	97	103
Georgian	91	88	95	96	93
Kazakhstan	77	69	89	95	82
Moldova	92	86	104	104	104
Russia	89	89	89	78	93
Tajikistan	87	89	88	90	80
Ukraine	105	103	108	117	77
Uzbekistan	114	109	120	119	122
Average (Jan-Aug)	85	84	83	82	83

The average output of consumer goods in the Commonwealth was 25 percent lower than the figure for January-September 1991, including decreases of 26 percent for Russia, 31-32 percent for Kazakhstan and Moldova, 34-41 percent for Tajikistan and Kyrgyzstan, and a decrease of two-thirds for Armenia.

The output of food was reduced by the decline of agricultural production and the reduction of raw material deliveries. The industrial output of meat in Kazakhstan was 8 percent below the figure for January-September 1992, with corresponding figures of 15-16 percent for Belarus and Russia and 35 percent for Moldova. The output of whole-milk dairy products decreased by 17 percent in Russia, 37 percent in Kazakhstan, and 42 percent in Kyrgyzstan. The output of

Whereas the industrial product in the first quarter of 1993 was 17.5 percent below the figure for the first quarter of last year, and the second-quarter figure was 14.7 percent lower, output in the third quarter was only 12.6 percent lower. The third-quarter output this year was 12 percent below the figure for the second quarter of this year if we adjust these figures to eliminate differences in the number of work days and seasonal fluctuations.

In September average output figures for the Commonwealth were 11.7 percent below the figures for the same month last year. The average daily output in September was 4 percent below the August figure if we adjust the figures to eliminate the effects of seasonal production.

The output of consumer goods measured in wholesale prices in the Commonwealth as a whole was 9 percent below the figure for January-September last year. This included a decrease of 10 percent in the output of food products and 8 percent in the output of non-food items, including 15 percent for the products of light industry and 6 percent for cultural, personal, and household items.

The following data illustrate changes in the output of consumer goods in January-September 1993 in relation to the figures for the same period in 1992 (in percentages):

vegetable oil, commercial edible fish products, flour, noodles, and cereal decreased in the majority of Commonwealth countries.

The average output of alcoholic beverages in the Commonwealth states in January-September was virtually the same as it was last year.

The output of the main products of light industry decreased. The average output of fabrics of all types in the Commonwealth states was 29 percent below the figure for January-September last year, and the footwear figure was 25 percent lower. In Russia the fabric output decreased by 34 percent; the output of footwear decreased by 32-34 percent in Russia, Kazakhstan, and Kyrgyzstan.

There was a slightly larger output of certain types of complex household appliances. Russia produced 13 percent more refrigerators and freezers than in January-September last year and 12 percent more television sets. The output of washing machines in Belarus was 11 percent larger, and in Moldova there was a 1.4-fold increase. In Kazakhstan the output of tape recorders increased by 21 percent and radio production increased by 8 percent. In Moldova the output of TV sets increased by 7 percent, and the output of refrigerators and freezers increased by 19 percent. Meanwhile, the output of some of these items was smaller than in January-September 1992: In Russia there was a 15-percent decrease in tape recorder production and a 29-percent decrease in the output of radios. In Belarus there was a decrease of 31 percent in the output of tape recorders and 23 percent in the number of TV sets produced.

The amount of electricity generated in January-September was 6 percent below the figure for the same period in 1992 in the Commonwealth as a whole, including decreases of 32 percent in Armenia, 12 percent in Kyrgyzstan, and 8 percent in Belarus.

Russia produced 10 percent less coal in these nine months, and Kazakhstan produced 11 percent less, including respective decreases of 13 percent and 10 percent for coking coal. The output of gas in Russia was 4 percent below the figure for the same period last year. In Uzbekistan the figure rose by 3 percent, and in Turkmenistan it was 25 percent higher.

The Commonwealth produced less oil than in January-September 1992, including decreases of 13 percent in Russia, 11 percent in Kazakhstan, and 14 percent in Turkmenistan. This reduced refining volumes and the output of the main petroleum products. In the Commonwealth as a whole, primary refining volumes decreased by 16 percent, with respective decreases of 15 percent, 16 percent, and 14 percent in the output of gasoline, diesel fuel, and heating oil. Belarus produced 34 percent less gasoline, 36 percent less

diesel fuel, and 39 percent less heating oil, and in Turkmenistan the respective figures were 18, 32, and 36 percent.

The output of finished ferrous rolled metal products was 6 percent smaller than during the same period last year. This was partially due to the reduced demand for these products, the insolvency of consumers, and delays in the completion of production facilities. Production volume in machine building continued to decline. The output of metal cutting tools decreased by 23 percent in Kazakhstan, 22 percent in Belarus, and 18 percent in Russia, with corresponding figures of 21, 72, and 55 percent for forging and pressing equipment. The output of tractors decreased by 31 percent in Uzbekistan and 63 percent in Kazakhstan. The number of freight cars produced in Russia was 31 percent lower than the number for January-September last year, the number of diesel locomotives was 32 percent lower, and the number of electric locomotives was 69 percent lower.

The slump in chemical production continued. The output of mineral fertilizers in these nine months decreased by 21 percent in Russia, 33 percent in Belarus, and 69 percent in Kazakhstan. Russia produced a much smaller quantity of chemical fibers and filaments than in January-September last year—23 percent less, and 22 percent less caustic soda. In Belarus the output of chemical fibers and filaments decreased by 23 percent, and the synthetic resin and plastic output decreased by 24 percent.

Paper production in the Commonwealth as a whole was 23 percent below the indicator for the same period last year.

The output of building materials decreased. The output of cement, for example, decreased by 21 percent in the Commonwealth as a whole, in Russia it decreased by 22 percent, in Kazakhstan and Kyrgyzstan the decrease was 36-40 percent, and in Tajikistan it decreased by half.

#### Agriculture

The figures below are indicators of the harvest of grain and average yield per hectare at agricultural enterprises in the Commonwealth states (on 18 October).

Countries	Total grain harvest (original surrender weight), millions of tonnes			Quintals per harvested hectare		
	1992	1993	93 in % of 92	1992	1993	93 in % of 92
Azerbaijan	1.3	1.1	87	21.7	16.7	77
Belarus	7.6	8.2	108	30.9	33.4	108
Kazakhstan	30.1	22.5	75	14.6	10.8	74
Kyrgyzstan <sup>1</sup>	1.3	1.3	106	26.0	24.9	96
Moldova (27 Sep)	1.3	1.8	135	33.8	38.9	115
Russia	104.4	93.8	90	19.6	19.1	97
Tajikistan (11 Oct)	0.2	0.2	100.4	9.3	8.9	96
Turkmenistan	0.5	0.8	130	20.9	21.1	101
Uzbekistan	1.6	1.5	95	17.3	15.1	87
Ukraine	35.9	40.9	114	29.9	34.6	116
CIS	184.2	172.1	93	20.2	19.7	98

<sup>1</sup> Including peasant (or family) farms

By 18 October, 47.3 million tonnes of grain had been delivered to grain receiving centers in the Commonwealth, which was 600,000 tonnes less than on the same

date last year. Grain purchase volumes and the proportions accounted for by these purchases in the total harvest in Commonwealth states were the following:

Countries	Grain purchases, thousands of tonnes			Purchases in relation to harvest, %	
	19 Oct 92	18 Oct 93	93 in % of 92	19 Oct 92	18 Oct 93
Azerbaijan	306	313	102	24	28
Armenia	59	22	37	—	—
Belarus	1609	1666	104	21	20
Kazakhstan	11162	5341	48	37	24
Kyrgyzstan	142	176	123	11	13
Moldova	302	429	142	221	231
Russia	22474	24373	108	22	26
Tajikistan	11	20	176	6	10
Turkmenistan	211	36	174	39	49
Uzbekistan	837	980	117	53	65
Ukraine	10750	13650	127	30	33
CIS	47863	47337	99	26	28

(from September)

The sugar beet (factory) harvest is under way in beet-growing regions (18 October 1993):

Countries	18 October 1993			19 October 1992		
	Planted area, thousands of hectares	Harvested area, thousands of hectares	Total yield, thousands of tonnes	Quintals per hectare	Harvested area, thousands of hectares	Yield, thousands of tonnes
Belarus	82.8	81.8	935	264	31.7	873
Bulgaria	600.9	595.0	531	181	43.9	836
Ukraine	11	6	49	194	1.8	40
Moldova	11	11	86	275	15.3	352
Russia	1234.9	1014.2	19888	196	981.9	19425
Ukraine	1482.5	1100.0	28600	244	1270.6	26263
CIS	2924.0	2261.0	50146	222	2345.2	47489

(from sugar-beet or family farms)

By 18 October agricultural enterprises in the Commonwealth had harvested 11.8 million tonnes of potatoes, as compared to 11.8 million on the same date last year. The volume of vegetables amounted to 5.5 million tonnes (6.1 million in 1992). The average yield of potatoes per hectare on the harvested area was 106 quintals (95 quintals in 1992). Russia harvested 5.5 million tonnes of potatoes and 2.1 million tonnes of vegetables, or 1.8 million tonnes and 500,000 tonnes less than last year.

As of 18 October potatoes had not been harvested on an area of 184,000 hectares (including 106,000 in Russia),

and vegetables had not been harvested on an area of 200,000 hectares (65,000 in Russia).

Potato and vegetable procurement volumes decreased. On 18 October procurement organizations in the Commonwealth countries had purchased 2 million tonnes of potatoes, as compared to 3.5 million on the same date last year, and 4.5 million tonnes of vegetables, as compared to 5.9 million last year. Purchases of potatoes and vegetables on farms of all categories in the Commonwealth amounted to the following (on 18 October):

Countries	Potatoes		Vegetables	
	Thousands of tonnes	In % of 1992	Thousands of tonnes	In % of 1992
Azerbaijan (4 Oct)	7	75	166	76
Armenia	2	375	5	8
Belarus	314	71	73	84
Kazakhstan (1 Oct)	44	110	51	73
Kyrgyzstan	11	35	33	29
Moldova (11 Oct)	1	200	155	82
Russia	1008	48	1431	75
Tajikistan	5	89	83	80
Turkmenistan	5	62	148	73
Uzbekistan	129	114	1264	74
Ukraine	500	71	1050	87
CIS	2026	59	4459	76

Winter crops had been sown on an area of 26.6 million hectares in the Commonwealth by 18 October (30.2 million hectares last year), and fall plowing had been completed on 48.5 million hectares (57.3 million last year). The reduction of the area sown to winter

crops and the fall plowing area will reduce the amount of field work in spring 1994.

Figures illustrating winter crop sowing and fall plowing at agricultural enterprises in the Commonwealth states are presented below (on 18 October; in millions of hectares):

Countries	Winter crops sown		Fall plowing completed	
	Total	Increase or decrease (-) in relation to 1992	Total	Increase or decrease (-) in relation to 1992
Belarus	1.2	-0.1	1.1	-0.4
Kazakhstan	1.4	-0.5	7.9	—
Kyrgyzstan	0.1	-0.1	0.1	—
Moldova (27 Sep)	0.2	0.1	0.2	-0.1
Russia	14.6	-3.8	32.3	6.8
Turkmenistan	0.3	0.1	0.05	-0.1
Uzbekistan	0.3	0.2	0.3	0.1
Ukraine	8.2	0.5	6.6	-1.4

By the beginning of October this year agricultural enterprises in the Commonwealth had prepared 90.3 million tonnes of feed (measured in feed units), which was comparable to last year's figure. The amount per head of livestock was 13.4 quintals of feed units (the figure in

1992 was 12.8 quintals, and the recommended winter ration is 22 quintals). Changes in the supply of livestock feed in the Commonwealth states are illustrated below (on 4 October):

Countries	Feed supply (in feed units), thousands of tonnes			Quintals of feed units per head of livestock		
	1992	1993	93 in % of 92	1992	1993	93 in % of 92
Azerbaijan	722	668	92	10.2	9.6	94
Armenia	...	...	...	...	...	...
Belarus	5216	5111	98	12.8	12.4	97
Kazakhstan	11775	12080	103	13.6	14.7	108
Kyrgyzstan	1758	1525	87	13.2	10.9	83
Moldova (27 Sep)	517	499	97	10.0	10.5	105
Russia	48648	48221	99	12.9	14.0	109

Countries	Feed supply (in feed units), thousands of tonnes			Quintals of feed units per head of livestock		
	1992	1993	93 in % of 92	1992	1993	93 in % of 92
Tajikistan (27 Sep)	365	331	91	8.1	7.1	88
Turkmenistan	680	666	98	10.6	10.1	95
Uzbekistan	2016	1863	92	11.7	10.5	90
Ukraine	18600	19200	104	12.5	13.0	104

The slight improvement in the supply of livestock feed in some Commonwealth states in comparison with last year's supply, in spite of the simultaneous reduction of the total

amount in storage, is due to the reduction of the livestock herd, which is attested to by the following data (on 1 October, millions of head at agricultural enterprises):

Countries	Cattle		Cows		Pigs		Sheep and goats	
	1993	% of 92	1993	% of 92	1993	% of 92	1993	% of 92
Azerbaijan	0.6	89	0.2	90	0.1	88	2.0	95
Armenia	0.01	50	0.01	64	0.04	50	0.01	33
Belarus	5.2	91	1.5	94	2.8	91	0.1	62
Kazakhstan	5.7	90	1.6	94	1.7	82	28.0	96
Kyrgyzstan								
farms of all categories	1.1	96	0.5	100.6	0.2	66	8.8	90
agricultural enterprises	0.5	81	0.2	85	0.1	58	4.2	74
Moldova	0.5	79	0.2	85	0.7	61	0.3	84
Russia	36.3	90	12.7	93	18.9	84	30.1	82
Tajikistan	0.3	74	0.1	78	0.04	41	1.3	80
Turkmenistan	0.4	99.3	0.1	100	0.2	66	4.4	102
Uzbekistan	1.5	98	0.4	99	0.4	79	5.5	99
Ukraine	17.9	93	5.5	96	9.7	86	5.3	86
CIS	68.9	91	22.5	94	34.6	84	81.2	88

In the past nine months agricultural enterprises in the Commonwealth states have produced 8.8 million tonnes of meat in live weight (livestock and poultry sold for slaughter), 42.9 million tonnes of milk, and 30.8 billion eggs. These are lower than the figures for January-September 1992 by 1.4 million tonnes (or 14 percent) for

meat, 3.7 million tonnes (8 percent) for milk, and 3.6 billion (11 percent) for eggs. Changes in the output of meat, milk, and eggs at agricultural enterprises in the Commonwealth states are illustrated below (January-September, thousands of tonnes):

Countries	Meat (live weight)		Milk		Eggs, millions	
	1992	1993	1992	1993	1992	1993
Azerbaijan	58	39	186	134	204	94
Armenia <sup>1</sup>	10	2	11	4	74	8
Belarus	849	757	3377	2988	1544	1556
Kazakhstan	837	800	2277	2213	1680	1513
Kyrgyzstan						
farms of all categories	264	250	731	708	472	315
agricultural enterprises	89	70	293	233	256	124
Moldova	130	97	580	403	356	199
Russia	5470	4802	26984	25367	23597	21782
Tajikistan	37	28	161	98	206	91

Countries	Meat (live weight)		Milk		Eggs, millions	
	1992	1993	1992	1993	1992	1993
Turkmenistan	57	69	164	171	139	110
Uzbekistan	187	175	730	733	746	611
Ukraine	2470	1900	11811	10500	5619	4700

1. Excluding peasant (or family) farms, where more than 90 percent of all agricultural production is concentrated.

The reduced output in most of the Commonwealth states (except Turkmenistan, Russia, and Belarus) in January-September this year reduced purchases of all types of

animal husbandry products for state supplies, which is illustrated by the following data (farms of all categories in January-September, thousands of tonnes):

Countries	Livestock and poultry (live weight)		Milk		Eggs, millions	
	1993	% of 92	1993	% of 92	1993	% of 92
Azerbaijan	31	63	118	71	72	42
Armenia	1	12	11	29	4	6
Belarus	749	88	3067	88	1308	106
Kazakhstan	611	91	1798	99	1194	94
Kyrgyzstan	40	56	152	64	99	50
Moldova	67	62	307	63	159	52
Russia	4318	89	20976	96	18095	104
Tajikistan	15	62	74	55	64	39
Turkmenistan	52	125	156	102	66	69
Uzbekistan	164	93	614	98	528	81
Ukraine	1800	75	8700	89	3460	81

Total purchases in the Commonwealth states in the first nine months of this year amounted to 7.8 million tonnes of livestock and poultry (live weight), 36 million tonnes of milk, and 25 billion eggs, which were below the figures for January-September 1992 by 1.4 million tonnes (or 15 percent) for livestock and poultry, 2.9 million tonnes (7 percent) for milk, and 8 million (3 percent) for eggs.

Belarus (5.9 percent). Construction and installation work accounted for 65 percent of all capital investments.

The completion of construction projects by state enterprises and organizations in the Commonwealth states in January-September 1993 decreased by the following numbers: 11 percent for housing (in January-September 1992 the figure was 27 percent lower than it had been in January-September 1991), 5 percent for general education schools (33 percent), 34 percent for child care institutions (32 percent), and 4 percent for out-patient clinics (41 percent). The number of new hospitals was 27 percent higher.

Data on the completion of construction projects in the social sphere by state enterprises and organizations in the Commonwealth states in January-September 1993 are presented below:

Countries	Residential buildings		General educational schools		Child care institutions		Hospitals		Out-patient clinics	
	thousands of m <sup>2</sup> in total area	% of Jan-Sep 92	Number of students	% of Jan-Sep 92	Number of children	% of Jan-Sep 92	Beds	% of Jan-Sep 92	Appointments per day	% of Jan-Sep 92
Azerbaijan	406.4	104	8549	112	1940	195	475	123	1940	...
Armenia	115.8	96	5523	230	690	107	—	—	—	—
Belarus	1274.1	90	17132	65	4555	65	530	196	2805	145
Kazakhstan	1513.0	73	10823	44	3890	62	277	43	810	39

Countries	Residential buildings		General educational schools		Child care institutions		Hospitals		Out-patient clinics	
	thousands of m <sup>2</sup> in total area	% of Jan-Sep 92	Number of students	% of Jan-Sep 92	Number of children	% of Jan-Sep 92	Beds	% of Jan-Sep 92	Appointments per day	% of Jan-Sep 92
Kyrgyzstan	50.4	29	5238	153	280	30	110	94	—	—
Moldova	120.2	80	1198	56	720	53	—	—	200	100
Russia	9971.1	93	132128	99.3	19255	52	4889	172	15524	119
Tajikistan	93.4	89	8100	112	360	60	694	171	280	50
Turkmenistan	345.6	104	25135	98	3615	108	802	210	350	420
Uzbekistan	675.5	84	72369	112	8050	72	2388	139	4692	66
Ukraine	3814.2	87	54968	90	10585	91	1221	87	3310	59
CIS	18379.7	89	341163	95	54140	66	11386	127	29911	96

### Transportation

In the first nine months of 1993 the public rail network in the Commonwealth countries carried (or accepted) 1,749,500,000 tonnes of freight, or 102 percent of the assignment (combined freight delivery requisitions for all railroads), including increases of 132 percent on Kyrgyzstan's railroads, 120 percent in Armenia, 115

percent in Moldova, 104 percent in Belarus, and 102.9 percent in Russia. Railroad assignments were underfulfilled slightly in Ukraine and Kazakhstan (99.4 percent and 96.8 percent respectively).

The amount of freight shipped (or accepted) by public rail carriers was smaller than in January-September last year in all Commonwealth states (in millions of tonnes):

Countries	1993			1993 in % of 1992		
	Jan-Sep	3d quarter	Sep	Jan-Sep	3d quarter	Sep
Azerbaijan	14.1	4.6	1.5	81	84	80
Armenia	0.8	0.4	0.1	33	44	47
Belarus	54.9	17.4	5.7	73	76	79
Kazakhstan	169.8	52.6	18.0	80	75	76
Kyrgyzstan	1.6	0.5	0.2	57	64	56
Moldova	4.6	1.7	0.5	65	92	68
Russia	1033.3	333.5	107.9	82	87	86
Tajikistan	0.9	0.3	0.1	64	25	65
Turkmenistan	13.8	4.7	1.6	78	91	89
Uzbekistan	45.7	15.1	4.4	93	116	110
Ukraine	410.0	133.7	44.4	72	72	73
CIS	1749.5	564.5	184.4	79	82	82

### Finances

The tendency toward an increase in the profits of enterprises and organizations in the Commonwealth countries continued in January-August 1993 (excluding agricultural and insurance organizations and consumer cooperatives). In Azerbaijan, for example, profits increased 7.3-fold (including a 5.7-fold increase in industry). The respective figures for other states were 5.0 (3.6) for Armenia, 9.2 (8.5) for Belarus, 9.8 (9.6) for Kazakhstan, 3.1 (2.8) for Kyrgyzstan, 8.1 (7.6) for Russia, 16.9 (17.8) for Turkmenistan, and 11.3 (11.2) for Uzbekistan.

In spite of this, enterprises and organizations operating at a loss still represent a high percentage of the total

number. In January-August this year the figure was 22 percent, including 10 percent in industry, in Azerbaijan, 48 and 54 percent in Armenia, 9 and 3 percent in Belarus, 17 and 8 percent in Kazakhstan, 24 and 14 percent in Kyrgyzstan, 16 and 8 percent in Russia, 15 and 3 percent in Turkmenistan, and 10 and 2 percent in Uzbekistan.

State (republic and local) budget income consists mainly of value-added, excise, and profit taxes. Value-added and excise taxes represented 60 percent of budget income in Azerbaijan, 11 percent in Armenia, 42 percent in Belarus, 21 percent in Kazakhstan, 18 percent in Kyrgyzstan, 28 percent in Russia, 34 percent in Turkmenistan, and 51 percent in Uzbekistan. Profit taxes

represented 24 percent of total budget revenue in Azerbaijan, 7 percent in Armenia, 30 percent in Belarus, 19 percent in Kazakhstan, 9 percent in Kyrgyzstan, 36 percent in Russia, 28 percent in Turkmenistan, and 22 percent in Uzbekistan. The income tax collected from physical persons represented 2 percent of all budget revenue in Armenia, 6.7 percent in Belarus, 9 percent in

Kazakhstan, 2 percent in Kyrgyzstan, 7.7 percent in Russia, 3.4 percent in Turkmenistan, and 5.9 percent in Uzbekistan.

Credit investments (outstanding loans) on 1 September were 246 percent higher than at the beginning of the year. The following data illustrate the structure of these investments (outstanding loans, billions of rubles):

Loan categories	1 Jan	1 Sep 93	1 Sep 93 in % of 1 Jan 93	Reported on 1 Jan 92
Total	7323.7	25323.6	345.8	610
short-term	6901.3	24179.7	350.4	540
long-term	422.4	143.9	270.8	70

The proportion accounted for by long-term loans in total credit is still declining. Whereas they accounted for 5.8 percent of the total in the Commonwealth on 1 January 1993, the figure was 4.5 percent on 1 September. The respective figures for individual states were 26.1 and 21 percent for Belarus, 3.5 and 3.4 percent for Kazakhstan, 1.5 and 0.9 percent for Turkmenistan, and 1.6 and 0.9 percent for Uzbekistan.

The amount of currency circulated in the Commonwealth states and other countries of the ruble zone in January-September 1993 totaled 9,383,700,000,000 rubles, or 9.8 times as much as in January-September

1992. The amount circulated in September was 95 billion rubles less than in August.

#### Personal Monetary Income and Expenditures

Personal monetary income in the Commonwealth states (excluding Ukraine) totaled 42.5 trillion rubles in January-September and was 11 times as great as the figure for the same period last year. Around 25 trillion was spent on goods and services, which was 10.2 times as high as last year's figure. The following figures illustrate personal monetary income and expenditures in January-September (in billions of rubles):

Countries	Monetary income		Monetary expenditures		Payment for goods and services		Obligatory fees and contributions		Savings	
	1992	1993	1992	1993	1992	1993	1992	1993	1992	1993
Azerbaijan	41.8	408.8	31.5	201.3	28.3	172.6	3.2	28.7	10.3	207.5
Armenia	18.2	145.9	11.8	52.5	10.7	45.7	1.1	6.8	6.4	93.4
Belarus	204	2378.4	174.9	1915.2	158.1	1671.5	16.8	243.7	29.4	463.2
Kazakhstan	200.2	2228.5	121.7	1122.6	103.7	826.3	18.0	296.3	78.5	1105.9
Kyrgyzstan, millions of soma	123.0	912.7	87.4	507.2	77.8	426.2	9.6	81.0	35.6	405.5
Moldova	40.6	330.5	33.4	247.3	30.0	217.6	3.4	29.7	7.2	83.2
Russia	3135.4	34597.1	2285.8	26308.4	1989.1	21007.0	296.7	5301.4	849.6	8288.7
Tajikistan	23.4	209.5	15.7	102.5	14.3	92.2	1.4	10.3	7.7	107.0
Turkmenistan	36.2	613.7	19.3	211.1	16.0	174.0	3.3	37.1	16.9	402.6
Uzbekistan	120.9	1449.0	83.0	776.2	73.9	686.3	9.1	39.9	37.9	672.8
Ukraine	...	...	...	...	...	...	...	...	...	...

The increase in personal monetary income was higher than the increase in expenditures on goods and services in all Commonwealth states in the first nine months of 1993: In Russia, Moldova, and Belarus it was 1.1 times as high, in Azerbaijan and Kazakhstan it was 1.4 times as high, in Turkmenistan it was 1.6 times as high, and in Armenia it was 1.9 times as high.

In September monetary income was 13.6 percent higher than it had been the month before, and in August it was 26.4 percent higher.

The average monthly nominal wage (excluding kolkhozes and cooperatives) was 11 times as high in August 1993 as it had been at the same time last year in the Commonwealth.

In August the minimum wage rose in Kyrgyzstan (from the February rate of 16 soma to 28), and the nominal wage was 3.2 times as high as the official minimum (as compared to 4.6 times in July). In Belarus the nominal was 6.8 times the minimum after a new minimum wage was instituted in August. The figure in other Commonwealth republics was August was 2.9 in Armenia, 13 in

Kazakhstan, 4.7 in Moldova, 9.3 in Russia, 4 in Tajikistan, and 3.2 in Uzbekistan.

Data on the nominal income of the population and the prices of goods and services (calculated on the basis of changes in the family budget) are presented below:

Countries	Jan-Aug 93 in relation to Jan-Aug 92					Price increases in relation to other increases			
	Consumer prices*	Per capita income	Wages per worker	Pensions	Stipends	Monetary income	Wages	Pensions	Stipends
Azerbaijan	...	...	11.4	...	7.1	...	...	...	...
Armenia	...	7.9	4.9	7.5	...	...	...	...	...
Belarus	10.5	11.1	9.8	9.2	7.5	0.9	1.1	1.2	1.4
Kazakhstan	10.0	11.4	12.0	...	5.5	0.9	0.8	...	1.8
Kyrgyzstan	11.7	7.9	8.4	7.4	7.6	1.5	1.4	1.6	1.5
Moldova	10.9	7.2	8.9	5.6	4.3	1.5	1.2	2.0	2.5
Russia	9.1	11.0	10.3	8.8	8.4	0.8	0.9	1.0	1.1
Tajikistan	11.7	7.9	7.1	...	...	1.5	1.6	...	...
Turkmenistan	11.3	15.6	...	11.3	10.7	0.7	...	1.0	1.1
Uzbekistan	7.6	11.7	11.1	7.8	9.3	0.6	0.7	1.0	1.8
Ukraine	...	...	...	...	...	...	...	...	...

According to a study of family budgets in January-September 1993, per capita nominal income was 3-4 times as high as it had been in the fourth quarter last year. The rate of increase in all Commonwealth states but Russia failed to keep up with the rate of increase in consumer prices, which led to a further decline in the standard of living. In Russia the rates of increase in consumer prices and per capita income were approximately the same.

### Prices

Enterprise wholesale prices in January-September were 10.6 times as high as last year's prices in the Commonwealth as a whole. In September wholesale prices were 23 percent higher than they had been in August.

The prices of consumer goods rose steadily in all Commonwealth countries throughout the first nine months of 1993. As a result, the retail price index in January-September this year (September in relation to December 1992) was 7 in the Commonwealth as a whole. Prices rose 33 percent just between August and September.

Prices in retail trade were 13.4 times as high as they had been in the first nine months of last year. Data on price changes in the Commonwealth states are presented below (in percentages):

Countries	Sep 93 in relation to Aug 93	Sep 93 in relation to Dec 92	Jan-Sep 93 in relation to Jan-Sep 92
Azerbaijan	113.4	280	1025
Armenia	113.9	519	898
Belarus	135.3	859	1051
Kazakhstan	140.1	688	1080
Kyrgyzstan	120.3	633	1222
Moldova <sup>1</sup>	168.0	1030	958*
Russia*	120.3	508	999
Tajikistan	144.0	1863	1329
Turkmenistan	123.4	963	1116
Uzbekistan	106.2	355	753
Ukraine	164.7	1660	2380

1. Consumer price index.

In spite of the dramatic price increases in the Central Asian states in recent months due to the centralized elimination of earlier price controls for the main consumer goods, the September increase was relatively restricted in Uzbekistan (6 percent above the August figure). In Turkmenistan and Tajikistan prices rose by

another 23-44 percent in September, and the prices of goods rose 20 percent in Kyrgyzstan.

In Belarus, Kazakhstan, Ukraine, and Moldova the price increases ranged from 1.4-fold to 1.7-fold in just the last month. In Russia September prices were 20 percent

higher on the average than in August, and food prices displayed approximately the same increase (21 percent).

Grain prices are one of the main factors affecting food prices. A rise in grain purchase prices is followed by a rise in the prices of bread and the main food products.

The prices of certain consumer goods in the stores of the capitals of Commonwealth states and big cities in Russia on 28 September are presented below (rubles per kilogram or liter, thousands of rubles per unit):

City	Top-grade beef	Butter	Vegetable oil	Pasteurized milk	Granulated sugar	Wheat bread made of top-grade flour	Potatoes	Color TV sets
Baku	1310	—	—	108	—	26	210	270.0
Yerevan	2200	3500	1900	—	1400	60 <sup>1</sup>	350	350.0
Minsk	1255	1755	—	60	1100	70	100	409.5
Almaty	1234	2000	1600	190	800	80	330	—
Bishkek <sup>2</sup>	—	2095	—	134	838	146	180	—
Chisinau	2150	3085	670	55	160	480	198	236.0
Moscow	1796	1643	670	207	681	259	154	286.5
Dushanbe	1395	2016	—	36	750	243	243	—
Ashgabat	250	300	70	8	80	5	350	—
Tashkent	600	2160	200	100	300	67	180	—
Yekaterinburg	1964	1662	761	230	776	115	180	—
Novosibirsk	1845	1977	965	130	723	200	163	290.0
Nizhniy Novgorod	2133	1748	855	149	700	156	86	241.0
St. Petersburg	1778	1704	819	219	612	170	166	248.0
Volgograd	1388	1763	522	60	625	72	160	295.0
Voronezh	1860	1500	268	70	550	...	103	220.0
Kazan	1608	1610	557	109	602	104	80	270.0
Chelyabinsk	1600	1800	480	186	—	—	250	299.0

1. Ration coupons.

2. In rubles, based on official National Bank exchange rate for soma.

Urban markets react quickly to changes in retail trade prices, and the prices there in September were 18-29 percent higher than in August in Kazakhstan, Uzbekistan, Azerbaijan, and Tajikistan, 47-58 percent higher in Moldova, Belarus, and Turkmenistan, and 59 percent higher in Ukraine. Market prices in September were approximately the same as they had been the month before only in Armenia and Kyrgyzstan, and these prices were 4.5 percent lower in Russia.

The prices of agricultural products in the markets of Russia and Armenia rose 1.8-fold during the whole nine months (September prices in relation to December 1992 prices), and the figure in other states were 3.9 in Uzbekistan, 6.5 in Moldova, 7.5-8.5 in Tajikistan, Belarus, and Kazakhstan, and 11.1 in Turkmenistan.

#### Trade

Retail commodity turnover in officially registered retail trade and public catering enterprises in the CIS in January-September this year amounted to 25.7 trillion rubles and was 8.9 times as high as the figure for the same period last year in actual prices. In comparable prices, however, commodity turnover in the Commonwealth as a whole was equivalent to only 98.6 percent of the figure for January-September last year, and in some states the physical volume was smaller than last year's. Therefore, the cost of retail commodity turnover is rising as a result of higher prices on consumer goods. Data on retail trade dynamics in January-September this year are presented below:

Countries	Billions of rubles, actual prices	In % of Jan-Sep 92, actual prices	In % of Jan-Sep 92, comparable prices	In % of Jan-Sep 91, comparable prices
Azerbaijan	137.9	584	57.0	19.4
Armenia	44.2	526	58.6	15.6
Belarus	1515.0	1073	102.1	79.9
Kazakhstan	1063.6	977	85.7	52.6
Kyrgyzstan, billions of soma	0.60	792	78.7	29.7
Moldova*	237.9	794	77.5	36.0
Russia	18625.0	1021	104.5	67.8
Tajikistan	80.9	704	57.4	21.8
Turkmenistan	199.4	1260	112.9	73.3
Uzbekistan	650.8	929	123.4	82.1
Ukraine, billions of karbovantsy	12476.0	1997	83.9	62.8

The situation in the consumer market of the CIS countries is still complicated by the continuing slump in the production of consumer goods, delays in the restoration of earlier ties in the Commonwealth, and the considerable reduction of centralized purchases of imported goods. In some states the sales volume consisted of current receipts and trade reserves. In Uzbekistan, for example, there was enough inventory in retail trade on 1 October (calculated on the basis of per capita commodity turnover in the previous month) for 60 days, as compared to 85 days on 1 September, and the respective figures for other states were 35 and 47 days in Moldova, 70 and 76 in Kyrgyzstan, and 87 and 95 in Azerbaijan.

The supply of several types of goods, especially certain foods, is still unsatisfactory in many parts of the Commonwealth. According to surveys conducted by national statistical agencies, most stores do not even have some of the staples of the daily diet for sale. In August, for example, there was no meat (according to the data of weekly surveys) for sale in 71-73 percent of all of the oblast (or kray and republic) centers in Russia, there was no sunflower oil in 37-50 percent, there was no sugar in almost half of these cities, there were no eggs or milk in 23-30 percent, and there was no butter in 7-13 percent. In some cities there were times when there was no bread for sale. Supplies of vegetables were meager even at the height of the season. In August there were no potatoes for sale in Russia in the stores of 55-70 percent of the surveyed cities, there was no fresh cabbage in 50-61 percent, no onions in 59-80 percent, and no carrots in 74-87 percent of the cities.

There was no butter for sale in 85 percent of the stores surveyed in Belarus at the end of August, two-thirds had no sugar, one out of every two had no flour, and one out of every four had no salt or fish products.

The disruption of the close ties that had been built up for years between the republics is having a negative effect on the consumer market in the Commonwealth states. Interstate trade volumes continued to decrease this year. In the first half of the year, for example, Russia's deliveries of margarine products, cereal, fish, and

canned fish to other Commonwealth states were equivalent to only 5-17 percent of the quantity shipped in the same period last year. Russia shipped only 32-37 percent of the earlier quantity of cotton fabric, bicycles and motor scooters, and radios to the other states, and it sent them less than half of the earlier quantity of passenger cars. Its exports of knitwear, leather footwear, and woolen and silk fabrics decreased by 34-40 percent during that period, and shipments of household refrigerators, television sets, and washing machines decreased by 13-28 percent.

Belarus' shipments of knitwear to other CIS states were equivalent to only 4 percent of the amount shipped in the first half of last year, its deliveries of hosiery and leather footwear were reduced by more than half, and its shipments of radios, television sets, silk fabric, and bicycles and motor scooters decreased by 33-40 percent.

Kyrgyzstan's exports consist mainly of produce, as well as washing machines. In the first half of this year virtually all republic shipments of vegetables went to Russia and represented only one-fourth of the delivery volume for the same period last year. Deliveries of washing machines increased more than 1.5-fold during this period.

In the first half of this year Tajikistan's shipments of household refrigerators to Commonwealth states were equivalent to only 13 percent of the volume delivered in the same period in 1992, and shipments of cotton fabric were only one-fourth the earlier volume.

Kazakhstan sent more food products and non-food items to other Commonwealth states than it had in the first half of last year.

In conjunction with the Organization for Economic Cooperation and Development (OECD), the CIS Statistics Committee will be publishing "Short-Term Economic Indicators of the Commonwealth of Independent States" (Russian-English edition), with monthly data for 1990-1993 in line with international practice.

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**Russia Blamed for Ruining Ruble Zone Prospects**

*944E0286C Moscow RABOCHAYA TRIBUNA  
in Russian 26 Nov 93 p 2*

[Article by Rustem Tell, RT correspondent: "The Torn-Up Ruble"]

[Text] Another thread fastening our Commonwealth together has been broken. One after the other, the republics are converting to their own currency. In this case, the initiator of the destruction of the unified ruble zone—Russia—is consistently violating the agreements of the CIS countries, which it signed, as for example, the fact that it was bound, in accordance with an article of the Agreement "On Protecting the Interests of the State Ruble Zone If National Currency Is Introduced by Individual States," to give its partners in the Commonwealth three months advance notice of this act.

In an instant, tens of billions of depreciated denominations of the earlier type poured into the CIS republics, having, with difficulty, blown up the supported balance of the consumer market. They have stopped passing payments to Russia. Don't worry, Moscow assured them, not all is lost, there will be a celebration on your streets, that is to say, the Russian rubles. A. Shokhin, vice-premier of the RF, made this declaration when he was touring the republics on a consolation visit. He told the author of these lines at the Tashkent Airport that Uzbekistan could receive Russian rubles on a 1:1 ratio even before the new year.

Today we have been shown how far from the truth his words were. Uzbekistan, just as the other CIS states, is introducing its own currency, for the time being temporary "sum"-coupons. It is an extremely abnormal process, unskillfully organized by the local officials. The queues to deposit the old five- and ten-thousand denominations, which have been removed from circulation, in the savings bank form up beginning in the very early hours of the morning. On the other hand, the enterprises are issuing exactly half of the wages in those very denominations.

Having thanked the government, on the airwaves and in the press, for its concern, the completely confused citizens have been refusing their wages, but then, the second half was not issued to them in "sum"-coupons. After all, after 22 November, only true currency can be used to buy bread, meat and certain other products and to enjoy public catering services.

All right, Uzbekistan did not tear up its own currency, as did the other former USSR republics. President Islam Karimov, a consistent adherent of a common economic zone and a common monetary unit for the CIS, warned a few hotheads against "currency sovereignization," and compared this process with revolution. The population always feels its burden to be revolution, though.

We are enduring this, counting on the fact that Russia is coming to its senses, being linked to Uzbekistan, Kazakhstan and other CIS states by millions of economic, kindred and spiritual ties. After all, the conditions for obtaining Russian rubles are true servitude. It is not enough that the banknotes are presented in the form of state loans for an absurd interest rate, at an exchange ratio of 3:1, and for gold—a currency deposit equivalent to half the rubles supplied to Uzbekistan (and this is in the order of 40 tonnes of gold, transferred to be completely at the disposal of the Central Bank and the government of the Russian Federation). Furthermore, if there is a disruption in any point of the Agreement, the republic must pay 100-percent compensation for the entire volume of funds transferred to it.

Under these conditions, it is simpler to acquire, not the unsteady Russian ruble, but hard foreign currency, which opens the doors of all the states. Uzbekistan's leaders have absolutely refused to enter the cabal. They have nevertheless done everything to make a return to the ruble possible in the future.

The commentaries of A. Kozyrev, Russian minister of Foreign Affairs, which were incomprehensible to the journalists, and were made after his meeting with I. Karimov in Tashkent on 16 November, in no way reassured the population, particularly the Russian-speaking part of it. The influx of those appealing to the embassy of the Russian Federation with a request for Russian citizenship increased. Meanwhile, simple calculation shows that it is much more advantageous for Russia to maintain, even at the cost of a few budgetary expenses (not exceeding, however, a few percent), a unified CIS ruble zone than to plunk down gigantic funds for migration programs and for building up new work places.

**Civic Union Calls for Russia, Belarus, Kazakhstan Confederation**

*94P50052 Moscow RABOCHAYA TRIBUNA  
in Russian 2 Dec 93 p 1*

[Unattributed article: " 'Civic Union in the Name of Stability, Justice and Progress' is for a Confederation of the Peoples of Russia, Belarus, and Kazakhstan"]

[Text] The breakup of the USSR was a national catastrophe for the majority of the people within it. The tragically mistaken Belovezhsk agreement did not bring anyone happiness or prosperity. The smoke of fires of civil war covers a large part of the territory of the former USSR—from the Pamirs to the Dnestr, from the Caucasus to Moscow, the heart of our Motherland. The Motherland has lost a huge part of the population of the USSR, all those who voted for maintaining the Union.

The breakup of the USSR brought incalculable calamities to the peoples of the Russian Federation. One after another waves of refugees roll into its regions.

For two years the pseudo-reformers, covering themselves with hypocritical concern for strengthening the Commonwealth of Independent States, dismantled what they were not successful in messing up immediately—the unified armed forces, transport and electronic communications, the unified energy system, economic links. Today they have started and are successfully approaching the complete destruction of the ruble zone, the economic pivot of the Commonwealth. Armenia, Kazakhstan and Uzbekistan have already been thrown out and the same threat constantly hangs over Belarus, suffering from the consequences of the Chernobyl catastrophe.

The irresponsible policy of the current government in relation to Kazakhstan is provocative. It has consciously turned Kazakhstan into an enemy of Russia. The fact that the rift in relations with Kazakhstan, the loss of Baykonur, Semipalatinsk and other centers will lead to the ruin of our space and nuclear programs and bring the threat of nuclear conflict close to the Ural border does not stop these radical figures.

It is time to stop and cease the murder of our country.

The policy of unscrewing the hands of the CIS countries, carried out by the government, is turning friends into enemies and will lead to the loss of Russia's traditional markets and sources of necessary raw materials and contradicts our national interests.

We have reached the critical point of selfdestruction. Further—collapse, self-isolation and the rise of a hostile encirclement in the near abroad.

It is necessary swiftly and forever to forbid the vicious policy of breaking the links between the Russian Federation and the Commonwealth countries, first of all with Belarus and Kazakhstan.

It is necessary swiftly to begin negotiations on carrying out a referendum, agreed upon at the highest political level, in the Russian Federation, Belarus, and Kazakhstan on the creation of a confederation of our peoples. We honor the right of people to self-determination. But we are convinced that no one has the right to take from them the right of voluntary unification.

We promise that our deputies in the State Duma will immediately pose the question on the creation of a Confederation of Russia, Belarus, and Kazakhstan.

**Republics, Regions After USSR Breakup**  
944E0278A Moscow *TRUD* in Russian 25 Nov 93  
Evening Edition p 2

[Article by Vladimir Kazarezov under the heading "Debating Platform": "What Will We Build on the Fragments of the Empire?"]

[Text] All world empires, which arose and ceased to exist at different times, had much in common in the relationship between the conquerors and the conquered. The

main thing uniting them was that the victor-people shed their own and others' blood in order to hold sway over the vanquished, appropriating their wealth.

Russia stands completely by itself against the background of the world tradition. It did not plunder the annexed peoples but, on the contrary, dissipating its potential on the reconstitution of the new territories, granting the newly acquired subjects all the rights of indigenous Russians.

It is sufficient to recall the sources of the genealogical trees of the most prominent noble families of Russia—the Kutaysovs, Golenishchev-Kutuzovs, Apraksins, Chernyshevs, Tarkovskiy, Miloradovichs, Loris-Melikovs—who were their ancestors? The Turk, the German, the Tatar, the Pole, the Kumyk, the Serb, the Armenian. And there are a multitude of such examples. Representatives of these princely and count's families occupied the highest offices of state in tsarist Russia and were ministers, senators, military commanders, and governors.

Do you, esteemed reader, have sufficient imagination to conceive at the times of the existence of the colonial empires of a Hindu sitting in Britain's House of Lords; of an Arab from the Maghreb elevated to the rank of duke or count of France; of a native of the Indonesian islands in the role of minister in the Government of Holland? But in respect to Russia such phenomena were of so frequent a nature that they were considered the rule. Neither the accession to power of the Bolsheviks nor their departure changed the situation. The Georgian Stalin and the Chechen Khasbulatov are an example.

Colonization everywhere had just one purpose—"to exploit the labor of the enslaved populace to one's own advantage" (Brokgauz and Yefron. "Encyclopedic Dictionary"). In Russia there was nothing of the sort either in essence or in form. Because Russia gave to the annexed territories more than it took from them. Equalization of the living standard of the outlying regions under Soviet power was elevated to the level of official strategy. Whereas in the new lands of the European metropolises the local inhabitants were the workers at the mines, on the plantations, and in the factories, and the colonialists, the owners and managers, in Russia it was, rather, the other way about. Russians as the workers and leading specialists and representatives of the local nationality as the leadership was a customary phenomenon.

It is noteworthy that a common principle of political and administrative arrangement was not imposed on the annexed peoples. Every conceivable system of the organization of society—from primitive-communal among the peoples of Siberia and the North and feudal-monarchical in Khiva and Bukhara through republican in Poland and Finland—existed within the framework of the Russian Empire. The Bolsheviks disrupted this principle, attempting to introduce all the peoples to a common form of administrative-economic organization.

Yes, there are soviets everywhere. But most dramatic in terms of its consequences has been, of course, the establishment of borders between national formations without sufficient justification.

But despite all the experiments which the Bolshevik government conducted, we cannot discern in them even attempts to enslave the small peoples or profit at their expense since the Russian people suffered from these experiments more than others.

The very procedure of the incorporation of a number of peoples in the Russian Empire was absolutely devoid of signs of colonization. Not only that, if the historical memory of individual peoples, of Central Asia, for example, nurses, not without justification, grudges for forcible incorporation in the empire, many peoples joined it not simply voluntarily but requesting Russia to take them under its sovereign right hand. And others were not conquered but won back from the real colonizers.

Let us recall if only Georgia and Armenia. Russia formerly rescued them from physical destruction repeatedly. And? Inventions concerning Russia's colonial policy in respect to their peoples are coming from these former republics of the USSR also. It seems to me that Armenia and Georgia are so sure that Russia, by virtue of some historical foredoom, is duty bound to help them in any event that they are standing on no ceremony with it and accusing it of the plunder of their national resources and of aggression, virtually.

And Moldova? One has the impression that many people here have forgotten how it all happened. As though there were no Ottoman Empire, which only Russia, which freed Moldavians from Turkish dominion, was capable of smashing.

And what can we say about Ukraine. Ah, Ukraine, Ukraine! Was there no Ukrainian uprising headed by Bohdan Khmelnitsky, was there no Pereyaslav Rada, which requested reunification with Russia? Were there not after this more than three centuries of joint history? And why just 300 years even—our joint statehood, beginning with Kievan Rus, runs to 11 centuries.

And, in spite of it all, many politicians and scholars have in recent years been sounding off "on behalf" of peoples large and not so large about Russian colonialism. They have been echoed by some of our Russians, abiding by the eternal Russian tradition of self-denigration and the throwing of dirt at themselves and their country's history. It is not surprising for it was none other than our fellow countryman V.I. Lenin who called Russia the prison of the peoples.

And now the empire has collapsed. But it seems to me that the one that has gained least from this is Russia, not those that have "freed themselves from colonial oppression."

Here I would like to draw one further analogy. What do you, esteemed reader, think: Would the average Englishman be living better or worse now had India, Pakistan, Bangladesh, and other of its former colonies remained as part of the British Empire? For me the answer is unequivocal—considerably worse. The British would have to be sharing with the Hindus to ensure that the living standard on the Hindustan peninsula not differ that sharply from that of the population of the British Isles. And now the British have, seemingly, neither economic nor moral problems from the fact that their former fellow citizens of empire have a poor life.

A few words about the reasons for the collapse of the USSR. I do not share the opinion of those who consider perestroyka, Gorbachev and Yeltsin, and the August putsch of 1991 to blame for this. It is all considerably more complicated. It would seem that we fit logically into the general historical process of the disintegration of world empires which began in the 20th century. And we held on longer than the others owing to the strong power factor keeping the country from falling apart.

But a recognition of these truths does not make it any easier either for Russians or their former USSR brethren which have acquired their own statehood. And it is not only and not so much a question of the economic problems that have followed as a result of the severance of business relations as of the menacing specter of interstate wars that could ensue on account of mutual territorial claims. The war between Armenia and Azerbaijan is an example. And there are, after all, problems that are far more obvious than Karabakh.

Primarily Russia's divorce from Ukraine and Belarus. This is simply a historical nonsense, an absurdity. And the deprivation of Russia of Crimea with the city of Russian glory of Sevastopol appears quite absurd and illogical. Neither with us nor in Ukraine, I believe, does anyone seriously believe that Russia would reconcile itself to the loss of Crimea. And no Helsinki accords would persuade either politicians or the peoples to agree to this. After all, the conquest of Crimea and an outlet to the Black Sea were for several centuries the geopolitical goal of the state of Muscovy. In presenting Crimea to Ukraine, was Khrushchev aware of the delayed-action bomb he was planting in future Russian-Ukrainian relations? No, of course not. He sincerely believed that we did, indeed, have a "Union indestructible," and why not oblige the Ukrainians somewhat and alter the border? It was, after all, one country, all the same, and the borders were of purely symbolic significance. But what has happened?

What is to be done now, what solution is to be found? On the one hand the status quo of the current borders needs to be observed, otherwise it would only take a revision thereof in one spot for dozens of arguments for other revisions to appear. For each republic would have claims on its neighbor since everything was divided in facile manner, without any serious justification. For this reason Russia also has with Ukraine other pretexts,

besides Crimea, for clarification of borders, should it come to complete exclusivity, to a rupture even more. They include Odessa, they include Ukraine's eastern oblasts, whose population speaks Russian, in the main, and regards its residence outside of Russia as some kind of absurdity of a temporary nature.

The problem of the establishment of interstate relations with Kazakhstan would seem more serious. For whereas the Russian-speaking population is preponderant in Kazakhstan as a whole, this predominance is absolute in its northeast oblasts. It is no accident, therefore, that there is always in the speeches and actions of Kazakhstani leader Nazarbayev more balance, wisdom, and an aspiration to the consolidation of the former republics of the USSR than in those of other leaders. Several versions of the development of the situation may be forecast:

Kazakhstan secures for its citizens a higher living standard compared with that of Russia, and in inter-nation relations, peace and tranquillity, and the Russian-speaking population experiences no economic, cultural, or religious problems. It has to be thought that, given these conditions, no serious complications between the two countries will arise;

the living standard in Russia is markedly higher than that of Kazakhstan. The gaze of the population of the Russian-speaking oblasts turns to Russia, and a movement for reunification with it develops;

the nationalist movement gets out of control. Russians are supplanted in the state structures, the fields of culture and education, and so forth. The response to this is Russians' aspiration to consolidation, the creation of an autonomous formation within the framework of Kazakhstan, or secession therefrom and inclusion in Russia.

I do not have the imagination to conceive of us switching from rhetoric to a military confrontation in the argument with Ukraine over Crimea and other territories. I still believe that both present and future politicians will have a sufficiency if only of the self-preservation instinct to stop, think twice, leave off reveling in sovereignties, and reconstitute common statehood.

But it will not be that simple with Kazakhstan. I do not allow that the Russian leadership, proceeding from some great-power ambitions, would directly make territorial claims on its southern neighbor. But if conditions that are intolerable for the Russian population come to be created there, what then? Russia could not turn its back on its brothers. After all, the stream of refugees would run not into the thousands but many millions. And this would mean one thing—war. That the Muslim world would rise up on the side of Kazakhstan cannot be ruled out. Things were not that bad for the Muslim over in Bosnia-Herzegovina, but when war is blazing, what intolerance and brutality, what solidarity of the Muslim world with its "Bosnian brothers."

There are enough of these examples for it to be understood to what extent reality is always more complex than theoretical outlines. Consent to the right of any people to have their own statehood does not provide us with an answer to the question: What is to be done by the Russians living in compact fashion in other former republics of the USSR (Estonia and Moldova need to be added to Ukraine and Kazakhstan, at least) if they are unwilling to be simply citizens not united on a national basis? Form their own autonomy within the framework of the former Union republic-national states which have arisen, create new independent states, become a part of Russia? There are other options also, perhaps? But none of those listed would be painless for all three possible participants in the showdown—the republic in which the Russians live, the Russian community itself, and Russia.

No, the former republics of the USSR, among which there are today important, but, by today's standards, insoluble [as published] problems, have perhaps no choice but to recognize the need to live in a common state formation. In any event, as far as our relations with Kazakhstan and Ukraine are concerned, I can ultimately imagine nothing else.

And before processes that could get out of control begin, it would for this reason seem necessary, if not to create a single state, then at least to formalize interstate unions and treaties that secure a common economic, political, military, and cultural space and guarantee people all freedoms in accordance with current international norms.

The leaders who signed the Belovezha Agreement may be reproached not for the fact that the Union has ceased to exist as a single state but for the fact that they failed to forecast the economic consequences of its disintegration without prior permission, without any preparation whatever. Of course, it will all come out right in the end. And new relations will be established with the economic transactors themselves without state tutelage, and many production structures needed by individual regions for autonomous survival will be created, but this takes time, and there might not be such.

And a few words about the problem of Russia's integrity in connection with the attempts of a number of regions to pursue an independent policy, isolate themselves, and create their own statehood, virtually. I see this situation as follows. Permitting the process to develop of its own accord would mean preparing for Russia the fate of Ancient Rus, which crumbled beneath the blows of the Tatar-Mongol invasion, or Poland, which also lost its statehood, where just about every Polish gentleman in his own district considered himself "independent."

As long as the process of unification of the oblasts on a territorial and economic principle in the name of the cooperation of the production forces, the region's prosperity, and the increased living standard of its population is under way, the creation of regional structures is a good thing. And let the East Siberian, Far Eastern, West

Siberian, Urals, North Caucasus, and other associations of republics, krays, and oblasts which have resolved to pool their potentials take shape. But this should be canceled immediately as soon as it gets to be a question of economic ultimatums to the center, of political claims to independence even more. It is in vain that certain local Bonaparte candidates believe that they no longer need any Russian statehood. There should in Russia be strong central authority and the certainty of the priorities of all-Russian interests over regional interests. Especially since the regions that aspire to exclusivity are those that have by the will of fate come to be the monopoly owners of some natural resource—oil, coal, metal, timber. Opposition in respect to the central authorities has constantly been an element of Russia's domestic political life. The struggle against it has not always had civilized forms but has always been a condition of the integrity of the Russian state. Let it not be consigned to oblivion in the process of misunderstood democratization and let Russia not be ruined conclusively.

#### CIS Pre-Winter Agricultural Production Levels Reported

*944K0218A Moscow ZEMLYA I LYUDI in Russian No 42-43, 22 Oct 93 p 3*

[Article by L. Vashchukov, chief of Department of Food and Agriculture Statistics, CIS Committee on Statistics: "CIS Agriculture on the Threshold of Winter"]

[Text] The harvesting of agricultural crops is coming to an end in the Commonwealth countries. By the middle of October grain crops had been harvested (threshed) on an area of 84.2 million hectares in the CIS (90 percent of the total). The threshed area yielded 168.3 million

tonnes of grain (surrender weight), or an average of 20 quintals per hectare. Last year 181 million tonnes of grain, or 20.3 quintals per hectare, had been harvested by that date.

Sunflowers were harvested on 1.628 million of the total 4.4 million hectares. The harvest amounted to 2.3 million tonnes (14.1 quintals per hectare) as compared to 2.5 million tonnes (13.7 quintals per hectare) on that date in 1992.

The potato harvest at agricultural enterprises in the Commonwealth as a whole by the middle of October amounted to 10.8 million tonnes, as compared to 13.4 million on the same date last year. The average yield of potatoes per hectare was 107 quintals (95 quintals in 1992). In Russia the potato harvest was 5.1 million tonnes, or 2.1 million less than last year. The vegetable harvest in the CIS countries totaled 4.8 million tonnes (5.9 million in 1992).

By the middle of October winter crops had been sown on an area of 25.2 million hectares in the Commonwealth states (28.9 million in 1992), and fall plowing had been completed on 40.7 million hectares (50.3 million in 1992). The reduction of the area for winter crops could have an adverse effect on the yield and output of grain in 1994.

Grain purchases for state supplies were larger this year in most of the Commonwealth countries. The percentage of grain sold to the state was higher than it was last year. By October 5, grain acceptance centers had received 43.7 million tonnes in the Commonwealth as a whole, which was 1.2 million tonnes more, or 3 percent higher, than the figure for the same date last year. The figures in Table 1 are indicators of total and proportional state purchases in the Commonwealth states.

Table 1

Countries	Total grain purchased, thousands of tonnes			Purchases in % of total yield	
	5 Oct 92	4 Oct 93	1993 in % of 1992	5 Oct 92	4 Oct 93
Azerbaijan	303	311	103	23.8	28.1
Armenia	56	15	26	—	—
Belarus	1602	1647	103	21.1	20.2
Kazakhstan	8269	3673	44	31.0	18.9
Kyrgyzstan	131	172	131	10.4	13.2
Moldova	282	403	143	22.0	22.7
Russia	20421	22854	112	20.8	26.2
Tajikistan	11	19	172	5.9	10.1
Turkmenistan	196	352	179	37.6	48.9
Uzbekistan	712	846	119	50.7	63.6
Ukraine	10500	13450	128	29.3	33

The amount of sugar beets delivered to processing enterprises was smaller than it was on the same date last year. By October 20 agricultural enterprises in Russia had purchased 5.6 million tonnes of sugar beets, which was 37 percent below the figure for the same date last year. In

Ukraine the figure was 20.7 million tonnes. This was 400,000 tonnes (or 2 percent) below the figure for last year. Sugar beet purchases also decreased in other beet-growing regions of the Commonwealth, with the exception of Belarus.

By October 5 this year, agricultural enterprises in the Commonwealth had prepared 90.3 million tonnes of feed units, which was comparable to last year's figure. The amount per head of livestock was 13.4 quintals of

feed units (12.8 quintals in 1992). The supply of feed for livestock in the Commonwealth states by October 5 in relation to the same date last year is illustrated in Table 2.

Table 2

Countries	Total feed purchases (in feed units), thousands of tonnes			Quintals of feed units per head of livestock		
	1992	1993	1993 in % of 1992	1992	1993	1993 in % of 1992
Azerbaijan	722	668	92	10.2	9.6	94
Belarus	5216	5111	98	12.8	12.4	97
Kazakhstan	11775	12080	103	13.6	14.7	108
Kyrgyzstan	1758	1525	87	13.2	10.9	83
Moldova (27 Sep)	517	499	97	10	10.5	105
Russia	48648	48221	99	12.9	14	109
Tajikistan (27 Sep)	365	331	91	8.1	7.1	88
Turkmenistan	680	666	98	10.6	10.1	95
Uzbekistan	2016	1863	92	11.7	10.5	90
Ukraine	18600	19200	104	12.5	13	104

The slight improvement in the supply of livestock feed in some Commonwealth states in relation to last year's figures,

in spite of a simultaneous reduction in procurement volumes, was the result of the reduction of the herd of livestock, which is illustrated in Table 3 (in millions of head at agricultural enterprises).

Table 3

Countries	Cattle		Cows		Pigs		Sheep and goats	
	1 Oct 93	% of 1992	1 Oct 93	% of 1992	1 Oct 93	% of 1992	1 Oct 93	% of 1992
Azerbaijan	0.6	89	0.2	90	0.1	88	2.0	95
Armenia	0.01	50	0.01	64	0.04	50	0.01	33
Belarus	5.2	91	1.5	94	2.8	91	0.1	62
Kazakhstan	5.7	90	1.6	94	1.7	82	28.0	96
Kyrgyzstan	0.5	81	0.2	85	0.1	58	4.2	74
Moldova	0.5	79	0.2	85	0.7	61	0.3	84
Russia	36.3	90	12.7	93	18.9	84	30.1	82
Tajikistan	0.3	74	0.1	78	0.04	41	1.3	80
Turkmenistan	0.4	99.3	0.1	100	0.2	66	4.4	102
Uzbekistan	1.5	98	0.4	99	0.4	79	5.5	99
Ukraine	17.9	93	5.5	96	9.7	86	5.3	86

In the past nine months agricultural enterprises in the Commonwealth states produced 8.8 million tonnes of meat, in live weight (livestock and poultry sold for slaughter), 42.9 million tonnes of milk, and 30.8 billion eggs. These figures are lower than the figures for January-September 1992 by 1.4 million tonnes (or 14 percent) for

meat, 3.7 million tonnes (8 percent) for milk, and 3.6 billion (11 percent) for eggs.

The changes in meat, milk, and egg output figures at agricultural enterprises in the Commonwealth states during that period are illustrated in Table 4.

Table 4

Countries	Meat (live weight), thousands of tonnes		Milk, thousands of tonnes		Eggs, millions	
	1992	1993	1992	1993	1992	1993
Azerbaijan	58	39	186	134	204	94
Armenia*	10	2	11	4	74	8
Belarus	849	757	3377	2988	1544	1556
Kazakhstan	837	800	2277	2213	1680	1513
Kyrgyzstan	89	70	293	233	256	124
Moldova	130	97	580	403	356	199
Russia	5470	4802	26984	25367	23597	21782
Tajikistan	37	28	161	98	206	91
Turkmenistan	57	69	164	171	139	110
Uzbekistan	187	175	730	733	746	611
Ukraine	2470	1900	11811	10500	5619	4700

\* Excluding peasant (or family) farms, where more than 90 percent of the agricultural output is concentrated.

The lower output figures in January-September of this year in most of the Commonwealth states (except Turkmenistan, Uzbekistan, and Belarus) resulted in reduced

purchases of all types of animal husbandry products for state supplies, which is apparent from the data in Table 5.

Table 5

Countries	Livestock and poultry (live weight)		Milk		Eggs	
	Jan-Sep 93, thou-sands of tonnes	% of 1992	Jan-Sep 93, thou-sands of tonnes	% of 1992	Jan-Sep 93, mil-lions	% of 1992
Azerbaijan	31	63	118	71	72	42
Armenia	1	12	11	29	4	6
Belarus	749	88	3067	88	1308	106
Kazakhstan	611	91	1798	99	1194	94
Kyrgyzstan	40	56	152	64	99	50
Moldova	67	62	307	63	159	52
Russia	4318	89	20976	96	18095	104
Tajikistan	15	62	74	55	64	39
Turkmenistan	52	125	156	102	66	69
Uzbekistan	164	93	614	98	528	81
Ukraine	1800	75	8700	89	3460	81

In the past nine months the Commonwealth states purchased 7.8 million tonnes of livestock and poultry (live weight), 36 million tonnes of milk, and 25 billion eggs. These figures are lower than last year's by 1.4 million tonnes (15 percent), 2.9 million tonnes (7 percent), and 800 million (3 percent) respectively.

#### Statistician Notes Peasant Farm Production Lagging

944K0218B Moscow ZEMLYA I LYUDI in Russian No 40-41, 22 Oct 93 p 3

[Article by L. Vashchukov, candidate of economic sciences: "The Choice of a Lifestyle Must Be Made by the Peasants Themselves"]

[Text] They are experimenting with the land again, dividing it into parcels and redistributing them in the expectation that this will produce more food. The experience of the last few years, however, proved that administrative quandaries will not make the land more productive, just as the earlier apportionment, expropriation, collectivization, and repeated enlargement and reduction of farms did not produce the anticipated results in their time.

Several politicians and researchers in the CIS countries have big hopes for the latest campaign—the promotion of family farms. Just this year 70,000 family (or peasant) farms were started in the Commonwealth states, and the total now exceeds 530,000 farms, with a combined area of 17 million hectares and an average of 31 hectares per

farm. The process of establishing family (or peasant) farms has been most intense in Russia, Kazakhstan, Kyrgyzstan, and Ukraine.

There is no reason, however, to expect the CIS farmers to feed their countries, because these farms still account for less than 5 percent of the total area of land, and their product represents from 2 to 6 percent of the total output. Farmers have not had good results on their own plots either. In the Russian Federation, for example, they harvested 13.1 quintals of grain from each hectare of grain fields in 1992, whereas the national average for all types of farms was 17.2 quintals. The respective figures for other crops were 10.7 and 10.8 quintals for sunflowers, 71 and 112 quintals for potatoes, 69 and 136 quintals for vegetables, and 154 and 178 quintals for sugar beets. It is true that farmers do not always get the best land, but there are the same differences in yield almost everywhere. Even in regions with fertile lands (chernozems), the family farms have a much lower yield than collective enterprises. In Krasnodar Kray, for example, the yield of grain per hectare last year was 22.7 quintals on family farms and 38.7 on all types of farms, and the respective figures for other regions were 25.3 and 27.5 quintals in Stavropol Kray, 22 and 26.9 quintals in Rostov Oblast, 20.3 and 27.6 quintals in Belgorod Oblast, 17.1 and 20.7 quintals in Voronezh Oblast, 16.6 and 27.7 quintals in Ukraine, and 22.6 and 26.3 quintals in Kyrgyzstan. Family farms also had much lower yields of potatoes, vegetables, sugar beets, and other agricultural crops.

It would be wrong, however, to take this as an indication of unsatisfactory or inefficient work by the farmers. The overwhelming majority of the people who work on family (or peasant) farms make a great effort, never counting the hours, to obtain more food from their land. These efforts, however, do not produce the necessary return because the farms do not have the necessary equipment, fertilizer, and resources. Furthermore, these have also become too expensive. This is probably the main reason for the low effectiveness of farming. A special survey of family farms in the Russian Federation indicated that each 100 family farms here had 68 tractors, 33 trucks, 36 plows, 28 seeders, and 15 grain combines at the end of the year. This obviously causes delays in field work, which reduces yield, and results in sizable losses due to the late harvesting of crops, their late removal from the fields, and late deliveries to the sale site.

Today there is also no reason to expect these farmers in the CIS countries to supply the population with animal husbandry products. Most of them are still covering only their own needs, because current conditions do not allow most of them to develop this branch of farming. This is why the average family (or peasant) farm has only one or two head of cattle and other livestock.

There are exceptions, of course. Family farms in Kostroma and Amur oblasts, in Buryatia, Tuva, and Kalmykia, and in Altay Kray have an average of three cows, and the average farm in Yakutia and Chita Oblast even has four cows. Farmers in Chita, Sakhalin, and Amur oblasts have 4-6 pigs on the average, and the

average figure in Magadan Oblast is 12. Farmers in Kalmykia, North Ossetia, Buryatia, Tuva, Khakassia, and Chita and Astrakhan oblasts have 30-50 sheep each or even 100 or more.

The small size of the herd on peasant farms is connected with the absence of the necessary vehicles and equipment for the mechanization of processes in animal husbandry, the colossal difficulties in the construction of production facilities, the discrepancy between the prices of the farms' products and building materials, and the high price of mixed feeds. These and some other negative factors are the reason for the perceptible reduction in the output of animal husbandry products in the Commonwealth countries in comparison with the 1992 output.

When we discuss private farms, we must remember that much of the livestock herd and output of animal husbandry products in this sector is concentrated on the private plots of the population. They supply most of the products in urban markets and roadside stands. All types of restrictions on private production were recently eliminated on farms of this category, and this is having a positive impact.

The main producers and—what is most important—suppliers of state processing enterprises and procurement organizations, however, are still the public agricultural enterprises (kolkhozes, sovkhozes, and agricultural associations, joint-stock companies of various types, and societies). We have to admit that they have been supplying the population with food in many parts of the CIS under the most difficult conditions. The food supply in the Commonwealth countries where they have preferred to keep the collective farms (Turkmenistan, Uzbekistan, Tajikistan, and Moldova) is better than in other countries.

This does not mean, however, that the family farms are unnecessary. Most of the people who take on the responsibility of running their own farms are bold and courageous and should be offered as much support as the collective farms. The choice of farming methods and property status should be made by the peasants themselves, on the local level and by democratic means, without any outside influence or pressure. Furthermore, the operating conditions of different types of farms should be equal.

Agrarian reform has entailed the reregistration of farms in many Commonwealth countries. It is indicative that when the documents were filed, many farms chose to keep their earlier status.

In the future it is probable that family farms will cease to be promoted in Turkmenia, Tajikistan, Uzbekistan, Moldova, and southern Kazakhstan. The reasons will include such factors as the large rural population, the shortage of land, and the location and supply of water for irrigation. In other Commonwealth countries the process of establishing family farms, accompanied by the design and production of small and easily maneuverable pieces of equipment, will continue, with state support, but will be less intense. More and more people are taking a more cautious approach to this kind of farming, carefully weighing their own capabilities and objective conditions.

**Seabeco Linked to Kyrgyz Gold Scandal**

*944K0325A Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 24 Nov 93 p 3*

[Article by KOMSOMOLSKAYA PRAVDA special correspondent Kamil Bayalinov under the rubric "KOMSOMOLSKAYA PRAVDA Investigation": "How Bishkek Crossed Seabeco's Palm With Gold"]

**[Text] Moscow-Zurich-Neuenburg-Lucerne-Moscow—The cobblestone pavement is so crystal clean that one's feet literally stick to it. In any case, that is what it feels like. This square is where the Bankoffstrasse ends; the square itself is surrounded by the offices of largest banks in the world. Under the cobblestones are an enormous gold depository. Somewhere here, several dozen feet deep, are 1,635 kg of Kyrgyz gold, which have become a trump card in the Kyrgyz opposition's fight against their government.**

Each country wants to build its own gold reserves, just like every family tries to acquire at least one gold bauble—whether a ring or a chain. This is easy to understand—if needed, a ring or chain may be pawned, sold, or exchanged. The same applies to a country. Especially one that is taking its first sovereign steps under the harsh sun of this life full of vanity.

In September 1991, at the direction of the prime minister, Kyrgyz gold-producing enterprises unilaterally broke off contacts with Russian refining plants. A phase of accumulating gold-containing powder, later to be turned into standard gold bars, began.

But where is the gold to be refined now? In Kyrgyzstan, where for this purpose a line was hurriedly put in operation at one of the oldest "postal service" enterprises? In neighboring Uzbekistan?

Barely into his new job as a prime minister, Tursunbek Chingshev went on his first foreign trip to Switzerland. He blazed the trail, and the first shipments of Kyrgyz gold powder followed. The gold was taken out secretly, bypassing customs. Sealed sacks were carefully loaded in the cabin of a jet belonging to the indefatigable and scandalously notorious businessman Birstein. For additional secrecy, in the manifest the valuable cargo was identified by two Russian letters: "DM," "Dlya Metallora"? This was the name of the Swiss refining plant where the powder was processed into bars of "pure" gold. Actually, this is no longer important. What is important is the following. According to official documents of Kyrgyz airport and customs services, Seabeco airplanes arrived and left without any cargo.

Quite often the gold was taken out on a telephone call, without appropriate documentation.

In his testimony to a parliamentary commission, K. Kadyrov, former director general of Kyrgyzzoloto, admitted:

"...Minister of the Industry E. Omuraliyev telephoned from Zurich. After a short conversation he gave the receiver to Chingshev (prime minister—Auth.), who asked about gold on hand. I told him that we had already shipped 103 kg of gold concentrate to the PO [industrial association] Yuzhpolimetall (Kyrgyz refining plant—Auth.) for refining, and had 70 kg more on hand. Comrade Chingshev asked us to get the gold ready, and it was shipped to Switzerland on 7 December 1992."

So why was the gold being refined not in Kyrgyzstan but in Switzerland, keeping in mind that with transportation and other expenses this costs three times as much? We should look for an answer to this question in Zurich.

Aircraft belonging to the notorious Birstein landed at Zurich International Airport. The cargo was met by representatives of the Metalor refining plant and Seabeco people. Having obtained a delivery receipt, the Kyrgyz traveling salesmen returned to Moscow the next day, and from there to Bishkek. Once, for some unexplained reason, the cargo was not met in Zurich, and the couriers had to lug the sacks on their own. A journalist working in Zurich attempted to help but was stopped by a shout in broken English: "No, no, et that we" [as published]—"No, no, we will manage ourselves..." (that flight brought 240 kg of gold concentrate). In the editorial offices of the Zurich economic magazine CASH we were presented with two photos. The first shows the unloading technique; the second—the figure of Askar Sarygulov, chief of Goskominvest [State Committee on Investment], and another person bent under the weight of a sack of gold.

At Zurich International Airport you will have to pay duty on an extra carton of cigarettes, but it is unlikely that anyone will be too inquisitive about the origin of money or valuables stuffed in an attache case. Switzerland—the safe deposit box of Europe and the world—has great interest in bringing money in.

Once the money gets into a Swiss bank, only the owner can get it out. In an extreme case, a member of the family. If absolutely necessary, money can simply be hidden by transferring it to a numbered account. Or transferring it to someone else's name. Or from one's own name to a company name (or the reverse). Over their century-old history, Swiss banks have invented a multitude of methods to hide money from curious eyes.

The Philippines still have not recovered the deposits of the late Marcos, although the government of that country proved that the former president's money had been stolen from the state's treasury. The reason for this unyielding stance is that the Marcos family has lodged a protest, maintaining that these billions were honestly earned by the late head of the family. The second reason is the technique of earning profit on deposits. Neither the banks nor the Swiss government wish to lose Marcos' billions. And third, today they release Marcos' money,

tomorrow tens of thousands of other crooks and swindlers, who, along with honest businessmen, constitute the skeleton of Swiss bank depositors, will close their accounts.

The Zaire opposition still cannot get to dictator Mobutu's billions. The government of Italy has sent about 40 letters to Switzerland asking for access to accounts of corrupt officials. The total amount of their deposits also comes close to several billion dollars. Interestingly, several accounts were opened for review, but then closed again after the depositors—who, by the way, were relaxing in prison at the time—protested.

The Swiss authorities recognize only official structures. They have absolutely no interest in the political orientation of their depositors. Neither do the banks respond to requests from oppositions. After certain October events in Moscow the Swiss will consider any parliament of any CIS state an opposition. Thus, no parliament will be able to find out how much money their governments or individual members of their governments keep in Switzerland. In this connection it is questionable whether the search for Rutskoy's money, which the Russian procuracy has now undertaken, will ever succeed. There have been reports in the Swiss press that Rutskoy keeps \$3 million in Indogeneity Bank.

"Moreover, I think your Russian procuracy will not find out anything else. The bank will neither confirm nor deny the reports. By the way, your former Procurator General Stepankov asked twice for access to the accounts of Yakubovskiy's brother. It is useless," the famous Zurich television commentator Reto Padrutt summed it up in a conversation with me.

Switzerland is at the same time an amazing country. Despite the fact that no bank will reveal the secrets of its depositors, one can get not secret but extremely interesting information from a simple telephone book. If this is not enough, there is an office in the center of Zurich where a mere 5 francs (\$3) will get you information on any agency of interest to you.

Half a day later I already had the papers I needed and, deep into my reading, registered in my mind that the money had been well spent.

The Kyrgyz gold was refined at the Metalor plant, a gold refining enterprise in Switzerland. After refining, the gold went to Switzerland's largest bank—the United Bank of Switzerland, or the UBS. Since no invoices for the refining were sent to either the Kyrgyz government or the bank, the only logical conclusion is that the refining was paid for by the Seabeco company. Not for nothing, of course. During the transition from one quality to another a natural "spillage" of the gold material occurred.

A Metalor representative, however, presented the in and out documents, which registered every gram of the precious metal. Interestingly, in the column following that of the producer country (in this case Kyrgyzstan) the

Seabeco company was identified as a depositor (safe-keeper), and in the "received" column—the same company (No. 2047).

"The government of Kyrgyzstan has the same documents," the plant employee said.

"Why then do members of the parliament commission on gold maintain that the government of Kyrgyzstan has not made these documents available to them?"

"I think this is for your government to answer. Or your deputies."

So what is the problem? The problem is that the first shipments of Kyrgyz gold arrived in Switzerland in January-February of 1992, while the credit line opened against the gold collateral in the UBS bank became available to the government of Kyrgyzstan only in April 1993. Who was "working" the Kyrgyz money all these 15 or 16 months?

Based on the documents, one can arrive at the conclusion that the money was "worked" by the depositor and "receiver"—Seabeco. Could it be possible that the government of Kyrgyzstan did not know this? No, it could not. There must be a reason behind the fact that Prime Minister T. Chingyshev regularly dropped into Switzerland like a regular tourist—but incognito. Or the chairman of Goskominvest, or the minister of industry.

Switzerland is a real find for Kyrgyz politicians. It is far away, unreachable, strange. Most likely, nobody in Kyrgyzstan would ever have learned about this credit line (as well as other affairs), had not the mass media begun to sound the alarm, with the parliament following the lead. Under the pressure of circumstances the government had to admit that since April 1993 it had taken out credit for \$13.8 million in UBS for a period of five months against the collateral of the Kyrgyz gold. The gold exchange data show convincingly that at the time one kilogram of pure gold cost at least 16,000 Swiss francs. According to calculations, the credit should have amounted to at least \$16.098 million. What happened to the \$3.18 million?

**From the KOMSOMOLSKAYA PRAVDA file:** Payments on interest, as well as repayments on the principal of the loan taken against the collateral of the Kyrgyz gold, began on 1 September of this year. According to available information, Kyrgyzstan does not have the money to pay for it other than the collateralized gold.

It looks as if the wrongly obtained money is also being spent the same way. An amount of \$4.2 million was deposited with the federal reserve bank of New York at a 3 percent interest rate at a time when the Swiss charged the Kyrgyz 3.625 percent!

Between \$3 million and \$6 million was spent to print soms—the national currency—in Great Britain. More than \$2 million was invested in the republic economy, or only 12.3 percent of the total amount of credit. And \$1.915 million was returned to... Seabeco. What for?

Kyrgyzstan's Prime Minister Tursunbek Chingyshev maintains that Seabeco has purchased for the republic a parabolic antenna, four Volvo-940 cars, and weapons for the presidential protection detail. Members of the parliamentary commission were able to ascertain, however, that the antenna was purchased at a Moscow store; the Volvos were placed on the books of the government garage temporarily and free of charge; and the arms arrived as part of humanitarian aid (we have copies of all the corresponding documents at the KOMSOMOLSKAYA PRAVDA editorial offices).

Thus, in broad daylight another \$1.915 million had been stolen from the republic's treasury. This is the sum conclusion of the commission.

The rather well-known people with whom I had contacts in Switzerland all told me of the corrupt nature of Kyrgyz government emissaries, familiarly calling them by their given names. Do members of the Kyrgyz leadership have accounts in Swiss banks? It seems that most of all this is a matter of the government opposition. Nobody will be able to answer this question except themselves. By the way, it is not difficult at all to open an account in a Swiss bank: All one needs is to show one's passport and deposit 1 dollar. All of this can be accomplished in a matter of five minutes.

Seeing the hopelessness and danger of further dealings with Seabeco, Kyrgyz President Askar Akayev (who in accordance with the new constitution has been stripped of the levers of economic control) had to terminate the contract with Birstein. Expecting such a turn of events, Prime Minister Tursunbek Chingyshev and the president of Seabeco registered in Zurich a new company: Kirgizstan Developmontag. This "small" business was entered into the register of the Swiss canton of Zurich on 5 January 1993. We have a notarized text: "Participant: Tursunbek Chingyshev. D.o.b. 15 October 1942. Represents the Republic of Kyrgyzstan. Address: 19 Kolkhoznaya Street, Bishkek, Kyrgyzstan. USSR diplomatic passport No. 128910."

I am curious: Did Tursunbek Chingyshev pay the charter contribution with his own money (salary of 250 soms a month, or \$31.25) or did he borrow it from the Kyrgyz state treasury?

It is apparently advantageous for the prime minister and all Kyrgyz statesmen to drag as many people in Kyrgyzstan as possible into the scandal associated with the unmasking of Seabeco. This leads to a practical test Lenin's thesis on collective responsibility. Utilizing the good old Kyrgyz method of "uzun-kulak" (hearsay), government officials and canards flying regarding alleged contacts between Birstein and an extensive number of high-ranking officials. Among the names mentioned is the late prime minister Nasyrdin Isanov, who died in a car crash (which Birstein survived without a scratch); the former minister of the economy and finance, who allegedly transported gold to Zurich; the head of Chuysk Oblast, who ostensibly signed a contract

with Seabeco; and the minister of foreign affairs, whose duty was—being at the time the president's chief of staff—to meet Birstein and see him off. Also mentioned is Felix Kulov, vice president—on the grounds that he knows one of Seabeco's employees, Mashkevich, quite well. If we work on the basis of this principle, then probably only totally stupid and lazy officials in Kyrgyzstan did not know Birstein and his entourage. Although the well-planned design does work: The parliamentary commission has to check every fact brought to its attention, thus detracting from its main work.

One of the victims of this well-planned disinformation campaign was Sanzhar Aytmatov, the son of a famous writer. To the prime minister's great satisfaction, S. Aytmatov is being mentioned as the main actor who brought Seabeco to Kyrgyzstan. He is also identified as Kyrgyzstan's consul general in Zurich. And this is despite the fact that, as Kyrgyz Minister of Foreign Affairs Ednan Karabayev told me, Kyrgyzstan does not and never had a consulate in Switzerland. Why could the government leadership not officially refute, for instance, the rumors of the consulate's existence? But what for? This does indeed help to deflect some arrows for a while. Especially keeping in mind that Aytmatov is a household name and catches attention.

To be honest, the first thing I did in Switzerland was look for this ill-fated Kyrgyz consulate. I spent a week without any success: I did not find in Switzerland the villa described in the newspapers, the latest model Mercedes, or the consul himself.

Of course, Sanzhar Aytmatov could clear up a lot of things regarding the strange friendship between Seabeco and Kyrgyzstan. But will he do so if this will put him at risk of finding himself between a rock and a hard place—like, for instance, Yakubovskiy? And if he does? What will happen to the current powers that be?

At the beginning of December, at the session of the Kyrgyz Supreme Soviet, the first item on the agenda was the government's report on the work done. Even for the uninitiated it is clear that organizational conclusions will follow. But will, for instance, firing a prime minister return Kyrgyzstan's good image, lost to a great extent due to a government team tied up with corporate interests?

And where is the guarantee that the new government will not take the same road? Especially considering that bets have been placed. For an unknown reason, millions have been moved to the United States. Perhaps to finance some new government-private firm—a small business whose participants include ahead of time the future members of the top leadership?

#### FROM THE KOMSOMOLSKAYA PRAVDA FILE

According to the chief of financial and economic administration of the President of Kyrgyzstan's apparatus, during 1991-1992 Birstein visited Bishkek more than 10 times, accompanied by bodyguards and aides. He stayed every

time in main suburban residence No. 3, reserved for accommodating heads of state and government.

All persons who held high-level jobs but for some reason or other did not fit into the "government—Seabeco" connection have been fired.

In November 1991 former Kyrgyz Secretary of State A. Jordan gave a written order to the director of Kyrgyzzlo to send 300 grams of pure gold to the republic's embassy in Moscow "to conduct a chemical analysis." Then all traces of the 300 grams were lost. The combine never received confirmation that the addressee had received the shipment. It is known that the total amount—about \$3,000—is too small for the scale of the state, but quite substantial for one or two individual persons.

On 20 June 1992 the airplane of the indefatigable Birstein brought into Kyrgyzstan 100 Uzi machine guns, 100 Jericho handguns, 50 armored vests, and 143 cases of cartridges. Customs and border control documents say that the flight did not carry any commercial cargo.

President Akayev said that corruption consumes annually up to 10-12 percent of the republic's national income. While Prime Minister Chingyshev summed up that "only fools and lackadaisical people do not steal in Kyrgyzstan." It was also he who said that from now on the government's main task will be combating corruption and expressed the concern that "there are persons holding jobs of responsibility who may employ even physical methods of persuasion with respect to members of the government." Apparently, the prime minister meant himself among the latter. Well, well...

#### Official Assesses Citizenship Problems in Former USSR Republics

944Q0073A Moscow NEZAVISIMAYA GAZETA  
in Russian 10 Nov 93 p 6

[Interview with Abdulakh Mikitayev, chairman of the Russian Federation president's Commission on Citizenship Questions, by Andrey Bayduzhii: "Abdulakh Mikitayev: 'Russia Will Protect All Its Citizens.' And Any Resident of the Former USSR Can Obtain Citizenship"]

[Text]

#### At First Hand

Abdulakh Kasbulatovich Mikitayev is chairman of the Commission on Citizenship Questions. He was born on 23 April 1942 in a peasant family. He graduated from the Moscow Chemical Technological Institute imeni Mendeleyev with honors a year early, and later completed a three-year graduate course in two years. At 27 years of age he managed a department, and at 32 became a professor, a doctor of chemical sciences. He has more than 300 scientific articles and publications and more than 100 patents and inventor's certificates to his credit. He is a full member of the Academies of Technological

and Natural Sciences. He has been in his present position since March 1992. He has two children, and his hobbies are tennis and swimming.

[Bayduzhii] For millions of ethnic Russians who live outside the borders of Russia in republics of the former USSR, the problem of choosing citizenship is acute now. Russian legislation envisions a dual citizenship norm that will go into effect on condition that a special agreement is concluded between Russia and another country in this regard. Are such agreements with any states ready?

[Mikitayev] Unfortunately, the period of a little more than a year following the adoption of the Russian law on citizenship has shown that the states of the former USSR have an extremely negative attitude toward the idea of concluding such agreements, and they are hardly likely to agree to sign them in the near future. We queried almost all the former republics, and we got refusals everywhere. What is apparent is the fear these countries have of being crushed under Russia, and we were unable to resolve the question of dual citizenship unilaterally. Therefore, it was necessary to look for another method, at least for a partial resolution of this problem. For this purpose, wording was selected in the law on citizenship in July 1993 that requires a rejection of the citizenship of other countries when Russian citizenship is acquired. Now, in accordance with the law, any citizen of the former Union can acquire citizenship in the Russian Federation in the course of three years after the law goes into effect. But even after the expiration of this period, emigrants from Russia who live in other republics continue, nevertheless, to have the opportunity to become Russian citizens, according to other articles of the law. In Lithuania, for example, there are now more than a thousand people who, simultaneously with Lithuanian citizenship, have adopted Russian citizenship, and their number will increase. Thus, while it is absent juridically, dual citizenship is a fact. We have now come to an agreement with the Lithuanian delegation to begin to work up an agreement on the regulation of dual citizenship within the scope of ongoing Russian-Lithuanian negotiations. Dual citizenship is a movement forward, a sign of trust between people.

The modified wording of the law makes it possible for us to grant Russian citizenship not only to emigrants from Russia in neighboring foreign countries but also to the descendants of the first and subsequent waves of migrations of Russians to the United States or Europe. Of course, not all the 20 million of those who emigrated from Russia will submit documents for Russian citizenship, the overwhelming majority of those who left the country and their heirs having already grown accustomed to their environment. But we do have several hundred such applications. For example, recently a descendant of the well-known entrepreneur Mamontov, who works in Russia, filed an application. We have officially registered Russian citizenship for him.

[Bayduzhii] What is Russia's position with respect to Latvia and Estonia, which have refused citizenship for their Russian-speaking population?

[Mikitayev] Russia announced that it will not employ forceful methods in its disputes with Latvia and Estonia. But this does not mean that we will not criticize them and use other methods of influence on the situation in this region. Especially since failure to grant citizenship to part of the population in these two countries is a direct violation of their bilateral agreement with Russia and many international norms. In the end, this violates the Estonian and Latvian Constitutions themselves, which state that international treaties have precedence over domestic legislation. Thus, from a juridical standpoint, the Estonian and Latvian positions are extremely vulnerable, and it is very easy to criticize them.

It is also impossible not to talk here about the position of the West, which does not now want to damage its relations with the Baltic states. The Council of Europe's acceptance of Estonia into its membership has only aggravated the situation in it with respect to observance of human rights. It was carried out with a violation of the compulsory requirement concerning the conduct of free elections in the applicant country for acceptance into this organization. Can elections be called free when a third of the population is deprived of the right to participate and not one non-Estonian is elected to parliament? Speaking on the eve of the admission of Estonia and Latvia into the Council of Europe in Helsinki, I warned that this organization was bestowing a doubtful benefit on the Baltic countries by reinforcing the violation of human rights in them. Opponents objected that this kind of move, in the form of a unique overture, will on the contrary provide an incentive for these countries to move in the direction of generally accepted human rights standards. Nothing of the kind, naturally, occurred. As early as within a month after joining, Estonia attempted to adopt a discriminatory law on foreigners.

By refusing to grant citizenship to the Russian-speaking population, Estonia and Latvia not only are not resolving their problems but are making them even more complicated. Calculations that the Baltic states will in this way succeed in forcing out a part of their population proved to be incorrect. As experience has shown, instead of leaving them, a majority of the Russians are simply adopting Russian citizenship, while remaining in place. In the future a situation could arise in which a major part of Narva itself will be populated with Russian citizens. But like any state with self-respect, Russia must protect its citizens wherever they may be.

[Bayduzhii] When talking about violations of the rights of the Russian-speaking population in neighboring foreign republics, usually only Latvia and Estonia are mentioned. But in a number of the new independent states even more stringent statutes on the granting of citizenship exist than in these countries. Thus, while

living in Latvia for two years is a condition for citizenship, in Moldova a similar norm was increased to 10 years. Are there no contradictions here?

[Mikitayev] After the disintegration of the USSR, all of its former republics, with the exception of only Latvia and Estonia, automatically conferred citizenship on people living on their territories. The Moldovan as well as the Latvian norm you mentioned refer only to those who want or will want to acquire citizenship in the future. Here the requirements can be just as tough, every state has a right to establish them itself. But the distinction of Latvia and Estonia is that these countries refused to grant citizenship to those who also lived on their territories previously. Yes, both of these countries were occupied by the USSR in 1940, but also, including according to international documents, this cannot be a reason for refusing citizenship today to any part of their population. The law does not have retroactive force. It is impossible to call actions like this anything but ethnic cleansing.

[Bayduzhii] How many people outside Russia have already accepted Russian citizenship in the republics of the former USSR?

[Mikitayev] More than 100,000. Most of them, about 40,000, are in Estonia, then, with a small gap, Latvia is next. The figures for those adopting Russian citizenship are significantly less in the other neighboring foreign states. On the whole, a clear trend can be observed: The more the rights of Russian-speaking population are infringed upon in one or another republic, the more people there want to acquire Russian citizenship.

In addition, the desire of the Russian-speaking population in the republics of the former Union to acquire Russian citizenship is influenced by the attitude toward it of the local people and by the similarity of customs and way of life. For example, the commission receives many letters from Turkmenistan and Uzbekistan—republics where the legislation on citizenship is not bad and the leaders S. Niyazov and especially I. Karimov conduct a benevolent policy with respect to Russian-speaking residents. Other tendencies are unavoidably beginning to operate on an everyday level, which are extremely difficult to overcome.

[Bayduzhii] But are there reverse examples, of residents of Russia refusing the automatic conferment of Russian citizenship upon them?

[Mikitayev] I know of only several such cases; however, I got the impression from personal conversations with those who refused that their behavior is motivated by reasons that are remote from policy, and are the result of either personal offenses or mental reservations. Therefore, it is hardly worth considering them a significant trend.

[Bayduzhii] When can the introduction of Russian passports be expected?

[Mikitayev] The replacement of former Union identity cards with new ones is not an end in itself. If we introduce Russian passports now, this will complicate work on the granting of Russian citizenship to citizens of the former USSR who live outside Russia, and excessive haste here is hardly necessary. However, new models of the documents are already ready, just as is the law on identity card documents. The new documents meet all international standards, and the only element that has not been developed is the Russian state seal which, as is known, has not been approved by the Supreme Soviet. This is one more reason why the introduction of new passports cannot be carried out in the near term.

[Bayduzhiiy] There is an article on honorary citizenship in the Russian law on citizenship. Are there any specific candidates for this title at this time?

[Mikitayev] The article of the law on honorary citizenship has remained without a mechanism for implementation for almost a year. The statute on who could be an honorary citizen was just approved at the last meeting of the commission, and it has been submitted to the president for signature. It should be noted that this is the first

time in world practice that Russia has introduced this kind of norm; therefore, it was very difficult to develop some kinds of standards here. For example, the statute approved by the commission on honorary citizenship had a negative reception in the Russian Ministry of Foreign Affairs, which justified this with the absence of analogues in other countries and the problems that arise with dual citizenship. But, after all, there will not be many cases of conferring the title of honorary citizenship, and all these questions can be resolved individually.

As for specific honorary citizen candidates, none have been examined yet. But it is very likely that the first ones will be citizens of the republics of the former Union who have rendered a great service to Russia. Living there now are dozens of writers and figures in the arts and sciences whose creativity or research have made an invaluable contribution to Russian culture and science. Thanks to these people, the zone of Russian cultural influence has been broadened immensely, and it would be logical to confer the title of honorary citizen upon them.

**POLITICAL AFFAIRS****Kharkov Political Mood Examined**

**944K0334A Kharkov SLOBODSKYY KRAY**  
in Ukrainian 23 Oct 93 p 2

[Article by A. Teslo: "Seventy-Seven Steps Backward? A Political Diary"]

[Text] The Belgian scholar O. Borly was in Kharkov quite recently on a private visit. After a few days he succeeded in actively and thoroughly analyzing the political situation in this city; he drew the following quite reasonable and sober-minded conclusions. In the first place, political passions are eddying to and fro in the columns of the local newspapers, as well as in the local Hyde Park, where B. Zdrovets, the people's tribune, insistently calls upon the inhabitants of Kharkov to form a historical viche [common council in old Ukraine]. And, in the second place, the average resident of Kharkov needs the upcoming elections for parliament and a new president about as much as—to put it mildly—a dead man needs a steam-bath. In short, political apathy in Ukraine has reached its apogee.

Of course, the stubbornly inflexible polemicists and hardened political warriors from various flanks of the front which is developing in the direction of a republican-type parliament would hardly agree with such a pessimistic prognosis. But here the newspaper POST-POSTUP has published the results of a sociological poll conducted by the BOV [expansion not given] Center. These results attest that in Kiev 31.7 percent of the inhabitants do not intend to take part in the upcoming elections, while another 38.3 percent are also leaning toward such non-participation. The situation is similar in Lvov, Kharkov, and other regions of Ukraine. And so the Belgian scholar was quite correct in comparing political life in Ukraine to a steam-bath for a dead man....

In order to explain such a complete calm, our northern neighbors—in particular, the notorious ROSSIYSKAYA GAZETA—are yearning and striving to somehow accumulate political processes. But by what means? Vitaliy Panov, that newspaper's own correspondent in Ukraine, forecasts our future as follows: "In the upcoming elections the Ukrainian voter risks coming between the hammer and the anvil." According to Panov, there are no alternatives: On the one flank are the blockheads of the communist ilk, while on the other flank are the national-democrats, who are actively implanting the ideology of fascism. The quick-witted journalist made such observations in the columns of the Lvov newspaper HOLOS NATSIY. And after such bows he began to call upon us to draw conclusions from the October events which occurred in Moscow. Well now, we cannot very well lag behind our neighbor....

Incidentally, many serious politicians are now predicting that the struggle in the Ukrainian elections will flare up not only between the neo-communists and the socialists

and democrats, but also between the advocates of integration with Russia and the no less doggedly stubborn opponents of such a move. That is, they predict that the situation here in our country will be much more complicated than that of our northern neighbor. As of now, there are almost 30 Ukrainian political parties which have been unable to attract the necessary number of potential voters over to their side. That same above-mentioned BOV Sociological Center predicts that New Ukraine is supported by only 4.2 percent of the voters, Rukh—by 7.6 percent, the socialists—by 1.7 percent, the communists—by 4 percent.... Because of this situation it might be better to place our hopes on forming blocs of various parties and programs. But is this realistic?

The situation within the highly esteemed New Ukraine attests more to the probability of a split within its ranks rather than a consolidation. This came out at the recently held meetings of the Kharkov centrists, where the tone was set by the well-known Volodymyr Hrynyov and Yevhen Kushnaryov. Thus, Hrynyov considers that the party ought to work—first and foremost—for him. That is to say, it should push him into the new parliament and, possibly, into the president's armchair. But Kharkov's Mayor Kushnaryov called for abandoning the dream of an All-Ukrainian influence for the New Ukraine Party. According to him, it should concentrate its basic activity on the territory of our country's eastern and southern portions. Moreover, it should renounce centrist slogans, while—at the same time—drawing closer to the workers' and socialist parties....

Nor are the prospects for a consolidation of forces any better in Rukh, where Chornovil has been striving—without any particular success—to gather together a national-democratic group.... Indeed, wherever two Ukrainians get together—there are already three staffs of power.

Of course, that is a joke, but serious analysts predict that in the new parliament there will still be an uncompromising opposition between factions from Eastern and Western Ukraine. Populistic calls on both regions of the country are falling on soil which has been well-prepared during the three years of independence—unemployment, material difficulties, and spiritual impoverishment could quite easily lead even such an inert mass as the Ukrainian society to the barricades. It was not without reason that O. Moroz, the socialists' leader, made the following, upbeat declaration: "People will make the correct choice by springtime, and the result will be even more substantial than it was recently in Poland." Could it turn out that Moscow's "Red October" will happen in Kiev in March? May God forbid that such a thing will come to pass.

I can understand how difficult it will be for the average inhabitant of Kharkov to make a choice in the upcoming elections. Party programs will hardly play a decisive role in rallying the necessary number of persons under the various banners. More influence, perhaps, will be exerted on forming the voters's thoughts by the names of

the leaders, of parties, movements, and public associations. But here too we can undoubtedly anticipate a great many paradoxes.

Not long ago the newspaper VREMENYA published an advertisement-type announcement on behalf of the Kharkov regional branch of the Integration Fund. This announcement proposed that we carefully consider such candidates for the new parliament as V.F. Meshcheryakov, as well as other no less prominent economic "generals" of Eastern Ukrainian industry. And I personally recalled right away that V.F. Meshcheryakov, while beginning his ascent to the political Olympus from Memorial and Rukh, was also favorably inclined toward various other parties—parties which called upon us with all their might to integrate with Russia. What if he was right then? For which Meshcheryakov do they want me to vote?

...Upon his departure from Ukraine, the above-mentioned Belgian scholar summed matters up as follows: If any political force is to prevail in the upcoming elections, it will have to accord top priority to engaging in economic reforms and to conducting them on a civilized, market-type basis. Three years have already been lost in political battles, and this has led the people to a final fork in the road. And if Ukrainian politicians fail to realize this, if they again try to place politics ahead of the economic cart—their places on the state Olympus will be taken by people with guns. And who—please tell me—would want to take 77 steps (for steps, read "years") backward?

**Crimea Republican Party Holds Congress**  
944K0270A Kiev GOLOS UKRAINY in Russian  
11 Nov 93 p 4

[Article by Aleksandr Pilat: "On Bagrov, Kasatonov, Meshkov, and Others: In Parties and Movements"]

[Text] The Second Congress of the Crimea Republican Party-Crimea Republican Movement (RPK-RDK) has been held. We should remind our readers that the RDK was created right after the August putsch—to be more specific, on 24 August 1991. On 2 October 1992 the RPK was founded with a fixed number of members. The RDK remains in existence even now as this peninsula's largest political organization. The RPK recruits its members from the ranks of the RDK.

The Second Congress of the RPK examined and considered the following matters: "On the Political Situation in the Crimean Republic" and "On the Election of a President of the Crimean Republic." As always, Yuriy Meshkov, chairman of the RPK and the RDK, blamed Ukraine for the economic instability in the Crimea. He declared that "our salvation lies in the economic and political independence of the Crimean Republic." In Meshkov's opinion, the principal components for achieving this goal must be the following: conducting an All-Crimean referendum on independence, returning to the Constitution adopted by the Crimean Supreme

Council on 6 May 1992, and this republic's return to the ruble zone. As you know, the inclusion of the Crimea in the body of Ukraine was not explicitly stated in the first edition of the Constitution. Later on, the deputies of the Crimean Supreme Council themselves introduced an amendment which pointed out that the Crimean Republic is a component of Ukraine. Yuriy Meshkov defined the inhabitants of this peninsula as follows: "the unified, integrated people of the Crimea, regardless of their official nationality."

In speaking about the upcoming election of a president for the Crimean Republic, Yu. Meshkov said that it would be necessary to unite the efforts of all this republic's political organizations "in favor of the Crimea being included within Russia and those advocating the independent development of the Crimean Republic so as to prevent the election of Nikolay Bagrov, chairman of the Crimean Supreme Council." It is necessary, Meshkov emphasized, to create a powerful anti-Bagrov bloc. The RPK-RDK supports the candidacy for the office of president of Crimea of Admiral Igor Kasatonov, first deputy chairman of the RF [Russian Federation] Committee on the Navy and former commander of the Black Sea Fleet. However, he has not yet consented to have his name placed on the ballot for this post. And if such a consent is not obtained, then what must be done—in Meshkov's opinion—is to nominate one candidate from the bloc who "with regard to all his businesslike and political qualities could provide a strong competitor to Bagrov." Meshkov considers that only the leader of the RDK, i.e., he himself, could be such a candidate.

The delegates approved the "principal phases" of the RPK program, which will be adopted three weeks later at its Extraordinary Congress. In particular, the program states that persons drafted for a term of military service should serve in the CIS military, but not in that of Ukraine, and that "Sevastopol should be a base for the Russian Black Sea Fleet." This party will strive to have the Crimean Republic join the CIS and be a signatory to the political, economic, and military unions within the framework of cooperation.

By a secret ballot the congress elected a Coordinating Council consisting of 12 persons. It includes two deputies from the Ukrainian Supreme Council—Sergey Tsekov and Vladimir Terekhov—and two deputies from the Crimean Supreme Council—Yuriy Meshkov and Boris Kizilov. Yu. Meshkov was elected chairman of the RPK.

**Editors Congress Discusses Media Problems**  
944K0271A Kiev NEZAVISIMOST in Russian  
10 Nov 93 p 3

[Article by I. Ivanitskiy: "Do Not Shoot! We Are Journalists!"]

[Text] The first All-Ukraine congress of newspaper and magazine editors took place on 1 - 2 November at the Kiev House of Cinematographers.

L. Kravchuk, president of Ukraine, who spoke at the congress, quite unexpectedly used a phrase that was subsequently thoroughly besmeared by the vigilant Ukrainian television service. The essence of that phrase was as follows: We all live in a society whose behavior defies logic.

The congress of editors was attended by more delegates than anticipated in my opinion (around 500), and it turned into an attempt at a logical understanding of that unenviable state in which our periodical press has found itself. Just one issue was included on the daily agenda—"ways of rescuing the national press."

First, however, what we already have. According to data at the start of the year almost 3,500 publications were registered in Ukraine. That is good. What is bad, however, is that since the start of the year not one issue of the 29 magazines has appeared, and it is not even necessary to mention the number of bankrupt newspapers. Against such a background the registration of 20 new publications each day appears as a paradox.

What is the trick? Very simple—formerly we were satisfied with party-komsomol-trade union, branch, "youth," and religious press, whereas presently independent, commercial, and private publications have been added to multiparty, official, and other editions. Of course, there is no such thing as an absolutely independent publication. Independent publications are assumed to be those whose founders are either labor or creative collectives. Some 29 percent of them are of that type in Ukraine today (32 of them were unified into the Independent Press Fund).

Not all is simple with the term "commercial publication" either, which is not mentioned in any handbook or by theorists. The congress deemed it necessary to eliminate that word from all of its documents for the simple reason that should it recognize the right of such a press to exist, will there be a guarantee that tomorrow state officials would not be attaching that label to all newspapers in order to make them taxable at a rate ten times higher than before?

The editorial corps gathered in the hall was no more motley than the publications represented. Organizers of the congress devoted considerable effort to keeping the professional discussion from turning into a political club. Because of that the congress had a sufficiently tolerant atmosphere.

Even though it made some sense to ask the question—why were we gathered here? Just to meet with colleagues, have a drink, and leave? It is true, two days for a congress is not so much, but what can be done if the Union of Journalists of Ukraine lacked sufficient funds even for that short a time and had to pass the hat among Kiev banks?

Nevertheless the congress fulfilled its mission by not only analyzing the situation with the press, but also outlining ways of resolving the crisis. They were included

in documents for the Supreme Council which is preparing a program for the development of domestic press for the period up to the year 2000.

Following are the principal points:

Ukraine needs its own paper industry. If the Zhdachivsk Combine could obtain the 12 million dollars it needs for reconstruction we could have 35,000-40,000 tons of newsprint by as early as 1994. By the way its wholesale factory price is 2,500,000 karbovantsy per tonne and the rest is a markup.

The congress adopted the "Freedom of Speech Charter." Is that necessary for Ukraine which has its own laws on press and information? Yes, because domestic laws do not have the force of a law on the international arena and the "Charter" is precisely a document on the basis of which the world will be judging our level of democracy.

Without an extensive network of correspondents of Ukrainian publications abroad Ukraine will be unable to break out of the informational vacuum.

Another matter—magazine and newspaper subscriptions for 1994 currently amount to only 3.7 percent of the level reached as of 1 January 1993. Further comment is unnecessary. It is true, L. Kravchuk did declare that he is prepared to sign an edict lowering income tax on the income from delivery of newspapers by 50 percent, which could save the publishers 150 billion karbovantsy. But, first of all, these are merely crumbs. Secondly, some delegates were probably right in calling on the state to provide money not for newspapers but for the Ministry of Communications, otherwise the expanded budget of the press would immediately sharpen the appetite of its partners.

Ye. Verbylo, chairman of the board of the SZhU [Union of Journalists of Ukraine], called on the newspapers to boycott election platforms of those candidates who fail to guarantee assistance for the press if they are elected to parliament.

The congress also demanded a special decision guaranteeing the immunity of journalists during fulfillment of their official duties to avoid our own situations of the "White House" type.

The editors expressed themselves in favor of the creation of a Ministry of Information in order to concentrate the entire complex of issues in a single agency.

There were also some demands which may presently be considered as exotic—two vacations for journalists after 20 years of work, provision of 10 square meters of housing for members of the SZhU, and free transport for all journalists. All of these wishes, however, pale in the light of a single figure—the 13 billion karbovantsy budgetary deficit in Ukraine projected for the end of the year.

The journalists, however, are prepared to seek a way out of poverty. For example, by creating a National Press

Bank. V. Lanovyy, a well-known economist, noted that it is hardly possible to find a businessman or a commercial structure which would refuse to invest money in a charter fund of such a bank which in time could become one of the most prestigious ones in Ukraine with all the resulting consequences for the journalists. At this point it would be possible to end these notes were it not for two circumstances. No matter how the SZhU is viewed it is impossible to deny the fact that it did pick a rather good time to hold the congress. The preelection campaign is coming up and if the government is not to be indifferent to the path it is to follow it must support the press.

One final point. The congress took place in the House of Cinematographers. It was originally built essentially at the expense of the magazine NOVYYY KINOEKRANA. That publication has not appeared for a year and now its "child" which has gotten on its feet, the House of Cinematographers, is evicting the editorial office from "its" building. For some reason however there was no mention of that at that most honorable congress.

### Democrat Election Strategy Discussed

94P50049A Lvov ZA VILNU UKRAYINU in Ukrainian  
20 Nov 93 p 1

[Interview of Ihor Koliushko by Ihor Zalishchytksyy:  
"The Majoritarian System Has Its Advantages"]

[Text] The young Lviv politician Ihor Koliushko is already well known to residents of Lviv. In the past he has been a consultant to people's deputies from our region. Not long ago he worked as an advisor to Viktor Pynzenyk when he was deputy prime minister of Ukraine. Today Ihor is an expert for the Ukrainian Fund for the Support of Reform. At the same time he has not cut his ties to parliamentarians from the Lviv region, being one of the initiators of the interparty bloc Democratic Center, which is supposed to unite the efforts of democratic forces in the elections that will take place in March of next year. Our correspondent turned to Ihor Koliushko with a request to give his position on the Ukrainian election law.

[Koliushko] As is already known, two election law drafts were submitted to parliament for discussion. One of them envisioned a majoritarian system, the other a mixed one. Practically all political parties supported the later variant, for only it could guarantee the formation of a professional, independent and responsible legislative organ. Independent in the sense that it would be impossible to buy off deputies from an entire party, for here it would be a matter of the responsibility of a parliamentarian before his party colleagues, and professional because the law provides for the incompatability of work in an enterprise or organization and activity in the Supreme Council.

However, such a system did not pass. In my view there are two reasons for this. First, the directors and collective farm chairmen, which are quite a strong force in the

present parliament, perfectly understand their powerlessness when it comes to influencing the new political structures in the election districts. The second and not any less important reason is the weakness of the parties, especially in certain places, of their lacking a sufficient amount of authority.

In turn the opposition has quite a complicated problem. Provisions were strengthened making it impossible to run in an election district and on a party slate at the same time. Understandably, all well-known persons, who will be running for a place in the next Supreme Council will go to their own election districts, and lesser-known people will be left on the party slates. This could result in eliminating the possibility of introducing a proportional system for quite a long time.

[Correspondent] Then we will have to elect a new parliament on the basis of the old set-up from soviet times?

[Koliushko] Not exactly. The law adopted in the first reading has two positive aspects. It guarantees the deputies will be professionals and also makes possible two ways for their nomination: by parties (the candidates will be chosen at oblast conferences), and by means of collecting 300 signatures within one oblast election district. I hope that the second reading of the law will not significantly change these two positive aspects.

[Correspondent] Ihor, what can be expected as the result of the adoption of the new election law?

[Koliushko] The situation in Ukraine is conditioning the localization of all preelection battles on the oblast level. There are a number of reasons for this, among them—the lack of all-national parties, and the fact that national-democrats in different regions relate to each other in a far from identical manner.

For that reason the idea of the creation of an interparty non-party bloc was proposed, which would unite parliamentary candidates from centrist parties and intellectuals with no party affiliation. Oleksander Yemets, Volodymyr Filenko, Volodymyr Yavorivskyy, Viktor Pynzenyk and Vasyl Stetskiv are initiating work on that proposal. At the last session a list of 100 persons was under consideration. Among them were well-known scholars, heads of enterprises and several current government officials.

The goal of this association is quite simple: to work out a common constructive program and allot its candidates in the election districts rationally. What is desired is an agreement with the centrist parties which have not joined DTs [Democratic Center] (Rukh, URP [Ukrainian Republican Party]) and with whom talks are being conducted.

[Correspondent] But will not the situation which prevailed in the last election be repeated, when national-democratic candidates quarreled among themselves and each competed individually?

[Koliushko] Of course no one is protected from conflicts. The touchiest point is precisely the agreement between DTs and the political parties which consider themselves independent structures. However, if we cannot agree in all election districts, then it is necessary to do so where at least consensus is possible. In the other districts I hope that the competition will be fair.

[Correspondent] As far as I understand, what has been said above applies to Ukraine as a whole. What is being done in the Lviv region?

[Koliushko] The current peoples deputies Mykhaylo Kosiv, Ihor Yukhnovskyy, Taras Stetskiv, Viktor Pynzenyk and Ihor Hryniw were initiators of a similar coalition in the Lviv region. They invited quite a few legal, economic and political specialists to work with them. That group was given the name Nova Khvylia [New Wave] by journalists, but that has not been officially adopted by the election coalition.

[Correspondent] What are the prospects for the elections in other regions?

[Koliushko] In Western Ukraine there is every reason to expect that centrist national-democratic forces will be victorious. The east, where the directors of industrial giants are quite a serious force, is another matter. They have influence on great masses of people (workers, their families, relatives, acquaintances). However, the majority of these "generals of production" today are striving for market reforms and are not satisfied with stagnation. For that reason they will support economic experts and pro-reform platforms. Unfortunately, the majority of them are apathetic to the national priorities of Ukraine.

On the other hand the center will give us mainly agrarian deputies. They are traditionally the most conservative group of deputies, especially if one takes into consideration their position on economic reforms. However, even here we can observe a markedly higher level of national consciousness. In that way in principle the future parliament will have a progressive majority from the point of view of the national interests of the state as well as the economy.

#### **Local Opium Trade Growing Problem**

*944K0273A Lvov ZA VILNU UKRAYINU in Ukrainian  
6 Nov 93 p 7*

[Article by Ihor Parashchak, head of the press center of the Lvov Oblast Administration of the Ukrainian Security Service: "Galician Poppy Is Competitive With Heroin. Is That Why the Number of Addicts Is Rising in the Region?"]

[Text] Early this year the Lvov Oblast Administration of the Ukrainian Security Service formed a small unit that launched a study of the problem of underground narco-business outfits in the region. We can now report the first results of this effort.

Officers of the Lvov Administration of the Ukrainian Security Service and the Russian Federation Ministry of Security carried out an operation resulting in the apprehension of 11 persons involved in making and transporting raw materials for narcotics from Ukraine to Russia. Of the 11, nine are being held in the investigative isolation facility of the Russian Ministry of Security, while the two of the criminals who are Ukrainian citizens are in our administration's isolation facility. When caught, the Lvovians were found to have over 27 kilograms of narcotic materials—chopped poppy stems.

They were caught during customs inspection while trying to go from Ukraine to Russia. The operations unit that accompanied them for a while just before the apprehension had foreseen all possible variants of the culprits' behavior. So when the couriers stated, at the start of the investigation, that the suitcases with the narcotics didn't belong to them and they'd never seen them before, they were shown a few frames of an on-the-spot video of themselves carrying the same suitcases in the streets of Lvov. After that, their memories started coming back.

According to crime experts, the varieties of poppy that have been grown forever in Lvov, Ivan-Franko, and Ternopol oblasts—mainly for farm wives' private confectionary purposes—are especially rich in opium. The narcotic liquid made from Galician poppies is highly prized by old narcotics hands because of its strong effect and hallucinogenic properties. It is almost competitive with the heroin that comes here from Western Europe. The relative ease with which it is procured fosters an expanding network of criminal trade. Right now there are eight narcotics exchanges in Lvov—that is, places where various narcotics and raw materials for them can be bought and sold.

According to up-to-date figures, the number of addicts is constantly rising in our region, especially among secondary and vocational-technical school students. In many Lvov schools, underground narco-business outfits have their own network of juvenile peddlers of the poison. The spread of narcotics among students mostly involves the kinds that are smoked.

There is information that underground laboratories in St Petersburg have synthesized a new narcotic that has definitely beat out the notorious American "crack" in market competition. Its chemical name is trimethyl phentanol. It is an especially powerful hallucinogen. In the underground narco-exchanges of the CIS countries this drug is called "Leningrad crocodile," and only very rich customers can afford it.

Another reason the narco-industry's trend toward the synthesis of hallucinogenics is dangerous is that once addicted to such drugs, a person has little chance of being cured.

**Newly Appointed Head Of Autocephalous Orthodox Church Interviewed**

*944K0236A Kiev NEZAVISIMOST in Russian  
3 Nov 93 p 5*

[Ukrainian Autocephalous Orthodox Church Patriarch Dimitriy interviewed by Vasiliy Anisimov and Artem Senchilo: "Timely Interview: Patriarch Dimitriy (Yarema) of Kiev and All Ukraine (UAOC): "Better to Be Illegal"]

[Text]

**On the outskirts of Teremki, we surveyed with a certain amount of bewilderment an open lot with the tiny Church of Boris and Gleb perched on it, where the new leader of the Ukrainian Autocephalous Orthodox Church (UAOC) awaited us. We immediately remembered the dilapidated room in the Moscow Hotel, the final refuge in his homeland of the late Patriarch Mstislav of the Ukrainian Autocephalous Orthodox Church and his bitter exclamation: "I don't even have a place to stay the night!" That is how Filaret's supporters took revenge on the stubborn clergyman, who refused to involve his church in political games. It really seems true that every cloud has a silver lining. In persecuting the Orthodox churches in Ukraine, the authorities inadvertently gave Christianity back its original form. You will agree that it is much more natural to see the hierarchs of the Church of Christ spreading the Word of God in modest churches than servilely currying favor with state officials. Can it be that for perhaps the first time since the time of Czar Peter, our tormented Orthodoxy has a chance to begin serving first God and Man, and then Caesar and country? Of course, there is a great temptation to be treated with affection by the ruling bureaucracy. One can also understand the latter's desire to always have a pliant church, especially one calling itself the true and right-believing church. Just such an entity is Filaret's so-called Kiev Patriarchate, for whose sake the crisis of Orthodoxy in Ukraine was provoked. For maintaining an illegal religious organization, the authorities confiscated 4 billion karbovantsy in donations from the Ukrainian Orthodox Church of Vladimir (Sabodan) and several dozen churches that had been taken by deception and UNSO [Ukrainian National Self-Defense] assaults, while the Ukrainian Autocephalous Orthodox of Mstislav (Skripnik) was simply abolished, without, of course, its consent. To provide ideological justification for the action, the best cadres from the former communist psalm-readers were enlisted, people who now serve as deputies, and well as the Ukrainian Television, which had sung hymns to Filaret's long-awaited "unification" of the churches. The election by a recent council of Dimitriy (Yarema), one of Filaret's most consistent opponents, as Mstislav's successor as Patriarch of the Ukrainian Autocephalous Orthodox Church, only added fuel to the flames of Filaret's indignation. The "bishops" of the Ukrainian Orthodox Church-Kiev Patriarchate [UOC-KP] were quick to condemn the patriarch's election, and a certain pro-Filaret brotherhood of "separatists" began pasting up forged documents discrediting the hierarchs of the**

**UAOC. So Dimitriy is not taking up the heavy burden of the patriarchate at the best of times. He patiently waited for us in the cold church, but we understood from his calm and steady tone that at least where determination is concerned, this man had more than enough.**

[Anisimov, Senchilo] Father, when did you begin engaging in politics?

[Patriarch Dimitriy] Unfortunately, today the church and politics are very tightly interwoven. When perestroika began and they proclaimed glasnost, I wondered what would happen to the church. On February 11, 1989, I sent a letter to Filaret in which I said that he as exarch of Ukraine should think about how to rehabilitate the Autocephalous Church and the Greek Catholics. Then I wrote another letter on February 27. But Filaret did not answer me. Then I sent a registered letter. Soon after that Filaret declared: "We have no autocephalists and no Greek Catholics, and so there is no reason to talk about them." Then Nikodim assembled a spiritual court in Lvov that was supposed to remove me. Without waiting for its condemnation, I declared my Church of Peter and Paul to be independent of Filaret. We gradually gathered almost 800 parishes and began looking for a bishop. We appealed to the United States and to Tsargrad. A reply came from the United States: Mstislav would take us under his protection.

[Anisimov, Senchilo] What, in your view, led to the split in Ukrainian Orthodoxy, why has it turned out that there are three Orthodox Churches in Ukraine today?

[Patriarch Dimitriy] The situation in Ukrainian Orthodoxy is inseparable from the overall situation in Orthodoxy and in Christianity in general in the countries that are now being liberated from the yoke of communist regimes. Profound processes of the church's liberation from distortion and profanation of all standards governing its life seem incomprehensible to the outside observer. But in reality these conflicts are to be expected. This is vividly illustrated by the tragic situation in Bulgaria, where some believers led by a bishop, having lost all hope of finding a common language with a church hierarchy that is permeated with a communist spirit, have begun all but an armed insurrection. In our specific situation in Ukraine, former Metropolitan Filaret is a symbol of the many years of the church's collaboration with the communist regime. With the support of top-level state structures that still find it useful to have a pliant church, Filaret has succeeded in having the UAOC outlawed, for all practical purposes.

Understand that Filaret entertained no thoughts of separation at first. He was loyal heart and soul to Moscow and almost became the Moscow patriarch. But when that didn't happen, he sharply turned in the opposite direction. Denied high office, he was left only with Vladimir Cathedral and a Bishop without a bishopric Yakov Pochaevskiy. And suddenly, without the patriarch's knowledge, he convened a synod in two days' time. Actually, it was not even a synod, I don't know what you

would call it. I received a telephone call and was asked to go to Kiev. No one said a word about the fact that a synod was being prepared. One can judge the level of organization if only from the fact that the Lvov Bishopric was represented by me alone, the Ternopol Bishopric by two clergymen, and the Ivano-Frankovsk Bishopric by no one at all! On entering the hall, I encountered Filaret. He asked me: "Father Yarema, why are you opposing me?" I answered: "I am not against you, I am for the purity of the church. For your church has condemned you, and you have not switched to another. In whose jurisdiction are you now? And what right do you have to convene a synod? Who are you uniting with whom?" In fact, the entire synod was directed by Chernivny, Skorik, and their associates. And how they behaved themselves! Skorik shouted at me: "Sit down and shut up!"

[Anisimov, Senchilo] Why did some of your priests nonetheless follow Filaret?

[Patriarch Dimitriy] You see, Filaret said this: "If you do not come to the Kiev Patriarchate, all the churches will be taken by Moscow." And Antoniy (Masendich) said: "Filaret has 4 billion, he will support us." In addition, Ukrainian leaders made the unification a "great national celebration." When they showed a solemn service of the "unified church" on television, Chornovil and our other democrats were standing there. People were disoriented. In addition, many wanted to "enjoy an official state existence." The temptation was great. And Filaret also threatened many: "I have compromising materials on all the bishops (some sort of forged documents, God knows where and how he got them), but I will not publish them for now."

[Anisimov, Senchilo] But the illegal "unification" took place and was even registered by the Council on Religious Affairs.

[Patriarch Dimitriy] That council was an active organizer of the so-called UOC-KP for the state. It is natural that the council is trying to portray the UOC-KP, which is in effect a new religious association, as the legal successor to the UAOC. Unfortunately, the Ukrainian President has recognized the legality of this unification, and thus the liquidation of our church. But how can this be? There is a church one moment, and then, by willful decision of one man, it is dissolved? We never dissolved ourselves. This is unjust. For the formation of the Kiev Patriarchate cannot be grounds to liquidate other churches. Now we are being told to reregister. But in agreeing to register as a new church, we would in effect recognize the legality of our dissolution. We will not do that. It will be better to be in an "illegal situation."

[Anisimov, Senchilo] How can this problem be solved?

[Patriarch Dimitriy] If the state has made a mistake, the state should correct it. We do not recognize the Council on Religious Affairs and demand that it be abolished. You know, Zinchenko wanted to supervise Patriarch Mstislav. I myself witnessed the angry patriarch tell him:

"First you learn how to speak with your elders!" So we entertain no illusions about that council. The council does not seek to promote the unification of the Orthodox Churches of Ukraine, but on the contrary, through its actions it is trying to make other churches subordinate to the UOC-KP.

[Anisimov, Senchilo] How can the Orthodox churches of Ukraine be united?

[Patriarch Dimitriy] Unification must be based on equality. Our church's registration has not been reinstated as of today, and so any discussion of unification is premature. We seek good relations with everyone, above all with the Ukrainian Greek Catholic Church as also with the church led by Metropolitan Vladimir (Sabodan). It is hard to foresee how our relations with the UOC-KP will develop, for the path is blocked by the policy of church Bolshevism being pursued by its senior hierarchy and members of the church council. The UOC-KP, if it truly seeks unification, must acknowledge that it is a newly formed church and compensate for the moral and material damage inflicted on the UAOC, as well as deal with the problem of bishops deprived of their office, reordained bishops, and bishops ordained in violation of church canon.

[Anisimov, Senchilo] It is true that Mstislav vowed to refuse to elect a patriarch until our three Orthodox churches were united?

[Patriarch Dimitriy] Not exactly. He wanted the Orthodox patriarchates to unite and to elect a senior clergyman. That testament was published in the Ukrainian press (*GOLOS UKRAINY*). Mstislav himself wanted to convene an all-Orthodox synod, but he fell ill.

[Anisimov, Senchilo] However, you yourself must understand that when the three churches have three patriarchates, reaching agreement becomes more difficult. Each one wants to be the most important.

[Patriarch Dimitriy] I am prepared to yield. I think that others are as well. But not Filaret, of course. We don't want to speak with Filaret altogether.

[Anisimov, Senchilo] But during the days of remembrance of the famine victims on Sofiya Square, all the churches were present, and the Greek Catholics even led the requiem for the dead with Filaret.

[Patriarch Dimitriy] A downright paradoxical situation has arisen: State structures do not recognize the UAOC, but they officially invited it to participate in that mourning service. But as it became clear on the square, nobody intended to give us the floor. Even though the right to officiate at the requiem or to deliver a sermon on the tragic events was granted even to representatives of small and nontraditional religions in Ukraine. And only after a discussion with the President were the organizers of the event forced to give us the floor as well. As for the joint service carried out by Cardinal Lyubochivskiy and Filaret, it is further evidence of the secular authorities'

pressure on the church hierarchy. For the cardinal's position is well known to all: He considers the UOC-KP to be an illegal structure.

[Anisimov, Senchilo] Father, why are democratic organizations in Lvov, above all Rukh, providing negligible support in your struggle for an independent Orthodox church?

[Patriarch Dimitriy] The fact is that most members of the democratic organizations in Lvov are Greek Catholics. It is clearly not to their benefit to support the UAOC, because it, in contrast to the Kiev Patriarchate, has real support among the public and, accordingly, is a competitor (unfortunately, this secular term has to be used here) to the Ukrainian Greek Catholic Church.

[Anisimov, Senchilo] Father, needless to say, you have become head of the Ukrainian Autocephalous Orthodox Church not at the best of times. What do you loved ones think of your election?

[Patriarch Dimitriy] I have seven children. They are all grown and have families and live and work in Lvov. Among them are doctors, artists, teachers. I also have 13 grandchildren and three great-grandchildren. In accordance with church canon, my wife, after my election, took the veil. But since she is gravely ill, she continues to live under the care of our children. My children and relatives had no objections to my election and to my wife's taking the veil. So I enjoy support. I wish the same to the readers and journalists of your newspaper. May God bless you!

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NEZAVISIMOST Files: Patriarch Dimitriy was born in the village of Glydno, Lemkovshchina. He graduated from the village school there.

Emigre artists from Ukraine who painted local churches instilled a love of church painting in him. In the 1930s he worked with Manastyrskiy and Kovzhun, masters of west Ukrainian decorative art.

In 1941 he enrolled in the Lvov Industrial Arts School. Metropolitan Sheptitskiy invited Vladimir Yarema to the newly established Institute of Ukrainian Church Art, and Archbishop Slipyy invited him to study at the seminary.

During the NKVD repressions, V. Yarema, along with other seminarians, was taken to the transhipment center at Belya Tserkov and from there sent to serve in the Kiev Military District.

After demobilization he worked at the Ukrainian Art Museum in Lvov and became an expert on religious subjects.

He was a correspondence student of the Leningrad Theological Academy under the direction of professors Sergiyenko, Uspenskiy, and Kipresov, the well-known theologians. Among his classmates was Metropolitan

Doresey of the Czechoslovak Church and Metropolitan Filaret of Minsk. However, he was unable to graduate from the academy, having been dismissed without explanation after an academic leave.

He has published a two-volume study on Ukrainian iconography. His research interests include the study of the origin of iconostasis and church architecture and the study of the cave monasteries of Galichina and Moldova.

In 1950 he became a senior priest at Orthodox churches in Lvov: Andreyevskaya, Pyatnitskaya, and Preobrazhenskaya. However, after being denounced—it was said that nationalists were meeting at the Lvov Preobrazhenskaya Church and that its senior priest was a nationalist—he was transferred to the small Church of Peter and Paul, where he served 26 years.

Vladimir Yarema was the first in Ukraine to declare his parish autocephalous and independent of the Russian Orthodox Church, thereby become, in effect, the founder and most influential leader of the autocephalous movement. This year, the local council of the UAOC elected him as the church's patriarch.

## ECONOMIC AFFAIRS

### Economic Statistics Reported for January-September 1993

934K0298A Kiev URYADOVYY KURYER  
in Ukrainian 19 Oct 93 p 6

[Report issued by the Economic Department of the Cabinet of Ministers of Ukraine on 13 October 1993 under the rubric "From Official Sources": "The Economy of Ukraine in January—September 1993"]

[Text] The economic situation in Ukraine remains extremely strained. Industrial output volumes are continuing to fall, the financial state of enterprises and organizations is worsening, and prices are continuing to climb sharply, thereby further eroding the living standard of the population.

The consolidated budget of Ukraine for January-August of this year was executed in terms of revenues in the amount of 12,132.9 billion karbovantsi and in terms of expenditures, in the amount of 13,591.6 billion karbovantsi, which means that expenditures exceeded revenues by 1,458.7 billion karbovantsi.

During the same eight-month period, the state budget of Ukraine was executed in terms of revenues in the amount of 6,182.9 billion karbovantsi and in terms of expenditures, in the amount of 8,839.7 billion karbovantsi. Value-added tax brought in 2,216.4 billion karbovantsi, profits tax from enterprises and organizations—1,461.5 billion karbovantsi, excise taxes—234.3 billion karbovantsi, and revenues from external economic activity—446.9 billion karbovantsi.

Outlays for social security measures totalled 893.3 billion karbovantsi; for education, culture, health care, physical culture and sport—707.2 billion; for defense—731.4 billion; for science—176.4 billion; and the national economy—2,098.1 billion karbovantsi.

Contributions from enterprises and economic organizations to the Fund for Implementing Measures To Liquidate the Effects of the Chernobyl Catastrophe and To Provide Social Security for the Population amounted to 505.1 billion karbovantsi, while spending allocations from the budget on these measures totalled 666.6 billion karbovantsi.

In addition, short-term loans totalling 453.6 billion karbovantsi were granted during the period of January—August to the Council of Ministers of the Republic of Crimea and the state administrations of the oblasts and of the cities of Kiev and Sevastopol to enable them to cover essential expenditures. Also, 148.8 billion karbovantsi were transferred into their clearing accounts and they were issued 7.5 billion karbovantsi in subsidies.

Including the above outlays, total expenditures in the state budget over this eight-month period amounted to 9,449.7 billion karbovantsi and exceeded revenues by 3,266.8 billion karbovantsi as against the approved budget deficit for the year of 983 billion karbovantsi.

In order to cover the shortfall in funds caused by the lag between the receipt of revenues into the budget and the disbursement of moneys, as well as due to the rising volume of funds needed to finance outlays for, mainly, supplementary payments and price indexing in agriculture, construction of housing for military personnel, and covering the deficit, the National Bank extended credits to the Ministry of Finance in the total amount of 4,101 billion karbovantsi.

The total amount of overdue payments since the beginning of the year has risen almost 3.3-fold and on 1 September amounted to 1,338.9 billion karbovantsi, of which 872.7 billion karbovantsi (65 percent) was the amount owed by enterprises and organizations in clearing operations and 486.2 billion karbovantsi (35 percent) was the sum of overdue payments on bank loans.

Because of the steadily rising price of energy supplies and arrears in payment for these products, indebtedness by Ukrainian enterprises and organizations to economic entities in the countries of the former USSR is rapidly growing. It has increased by a factor of 25.5 since the beginning of the year, and by a factor of 1.4 in August as compared with July, amounting on 1 September to 8,553.2 billion karbovantsi, of which 7,775.8 billion karbovantsi (91 percent) was owed by Ukrainian enterprises and organizations to trade partners in Russia.

In September, as in August, the rate of decline of industrial output constituted 12.7 percent as compared with the same period last year. On the whole, the volume

of industrial production in January—September dropped 7.8 percent as compared with the first nine months of last year.

**Wholesale prices at industrial enterprises increased 1.7-fold compared with August of this year.**

Overall last year (in September of this year as compared with September of 1992) wholesale prices of industrial products rose 62-fold. This includes the output of oil refineries by a factor of 88, electric power—70-fold, the building materials industry—69-fold, ferrous metallurgy—67-fold, machine-building—64-fold, the meat industry—63-fold, and the butter, cheese, and milk industry—58-fold.

## CONSUMER GOODS PRODUCTION

The situation with respect to the production of consumer goods worsened in September, resulting in a drop of 19.5 percent in their output over the nine-month period as compared to 15.4 percent during the eight months of this year [as published].

The output of food products fell 22.2 percent during January—September. Shortages of raw materials and material and technical resources caused a drop of 20 to 50 percent in the output of essential food products by enterprises in the meat, dairy, fish, salt, and beer and nonalcoholic beverages industries. At the same time, the situation in the meat and dairy sector improved somewhat in the second half of September: the output of butter during this nine-month period reached almost the same volume as during the corresponding period of last year, and the output of canned meat products increased 10.3 percent.

The country's sugar refineries and enterprises in the oil and cooking fats industry have begun processing the yield from the recent harvest.

In the nine-month period under consideration, 519,000 metric tons of granulated sugar were produced, or 33.3 percent less than the amount produced on the same date last year. This decline occurred because enterprises were undersupplied with raw materials and mazut (30-40 percent of the amount required). The sugar content of beets harvested this year is 1.1 percent lower than that of last year's crop, and the sugar yield is 0.6 percent lower.

All the enterprises of the oil and cooking fat industry have completed capital repairs and are ready to process sunflower-seed oil. However, because of insufficient supplies of raw material, only four oil combines have begun processing this product. Because of unfavorable weather conditions, the harvesting of the sunflower crop began two to three weeks later this year than in past years.

The output of nonfood consumer items in January—September dropped 18.6 percent. Production of consumer goods and producer goods fell substantially, in

particular refrigerators—by 5.7 percent, tape recorders—22.5 percent, television sets—22.9 percent, bicycles—25.2 percent, motorcycles—14.1 percent, radio receivers—11 percent. At the same time, the output of electric vacuum cleaners and video recorders has increased.

The volume of **manufactured medicines** produced in the nine-month period was valued at 156 billion karbovantsi (in wholesale factory prices), which constituted a 19-percent decrease as compared with the relevant period of last year. The output of virtually all types of medical and microbiological products has fallen. In particular, the output of vitamins dropped 22.8 percent, medicines in ampules by 42.6 percent, and in tablets by 21 percent.

The output of **light industry products** continued to decrease in September—above all, products manufactured by the textile industry, whose work depends largely on deliveries of raw materials from outside Ukraine.

During the first nine months of this year, the output of all types of fabrics fell by 33.3 percent as compared with last year. A steady decline in output is also continuing at enterprises in other sub-branches of light industry.

The principal cause of this situation is a lack of foreign currency, including rubles, needed to buy almost 70 percent of the necessary raw materials outside Ukraine, a lack of working capital, and the banks' limited credit resources.

The financial state of enterprises is made more difficult by steeply rising prices and a decrease in demand resulting from the population's reduced purchasing power.

During the first nine months of this year, state price control organs audited nearly 31,000 enterprises and organizations and found violations of state price discipline at 13,000 of them (44 percent).

Economic sanctions totalling 23 billion karbovantsi were imposed on those violating the procedure for setting prices, including 31 billion karbovantsi in fines [as published]. In addition, as a result of the audits, 2.7 billion karbovantsi were voluntarily paid into the budget.

During the period of January—August, 274,600 people sought assistance from the **employment services** in finding work. During this period, jobs were found for 136,000 persons and 19,300 persons were processed for early retirement.

On 1 September, 126,800 jobless persons were registered with the State Employment Service. Of these, 78,100 were granted **unemployed** status. It should be noted that unemployment is rising among young people. Thus, in January young people accounted for 34.6 percent of those without jobs, in June—for 36.5 percent, and in August—for 40.7 percent.

The average amount paid in unemployment benefits in August was 14,200 karbovantsi, or twice the amount of the minimum wage rate, but only 17.5 percent of the average wage in the state sector of the economy.

#### ON THE PERFORMANCE OF INDIVIDUAL SECTORS OF THE NATIONAL ECONOMY

In September coal industry enterprises filled 80 percent of their coal extraction quota (a shortfall of 2.3 million metric tons). Compared with the corresponding period of last year, total coal output decreased by 12.5 million metric tons (12.4 percent), including coking coal by 7 million metric tons (16.9 percent).

Since the beginning of the year, of 23 associations, only Makiyivvuhillya and Rovenkyantratsyt filled their coal extraction quotas.

The performance of metallurgical enterprises grew worse in September.

The average daily output of key products, with the exception of iron and manganese ore, fell by 10-19 percent as compared with August of this year. This drop was caused by reduced deliveries of coking coal and natural gas and by breaches in the system of payments for raw materials, energy supplies, and finished products.

There has been some improvement in the development of **agriculture** this year.

The financial and credit support offered to agricultural producers and the implementation of a new economic mechanism to regulate relations between the state and the country's farms made it possible to carry out the cultivation and harvesting of agricultural crops in a more organized manner.

By 4 October, Ukraine's farms had threshed 40.8 million metric tons of grain (not counting corn), which was 4.9 million metric tons, or 13.7 percent, more than last year. Yield per hectare was 34.7 centners.

Corn, sugar beets, sunflowers, and potatoes are being harvested at a slower rate than last year. So far, corn has been harvested on only 3.6 million hectares, which constitute only two-thirds of the sown area. Corn grown for seed has been harvested on 118,500 hectares (7.7 percent of the sown area). Sugar beets have been gathered on 623,400 hectares, an area that is 11.1 percent smaller than last year's, potatoes on 169,900 hectares (25.8 percent smaller), and sunflowers on 628,600 hectares (9 percent smaller).

The sowing of winter crops and preparing the fields for next year's harvest is proceeding at a somewhat better rate. Winter crops for seed and green chop have been sown on an area of 7.1 million hectares, including winter crops for seed on 6.3 million hectares, which amounts to

three-quarters of the total area designated for this purpose. Fall plowing of winter fallow has been completed on 4.5 million hectares (31.2 percent of the designated area).

The sale of grain to the state is continuing. By 4 October, 13.4 million metric tons had been bought (92 percent of the established state order), amounting to nearly 3 million metric tons more than in 1992. Fourteen oblasts have already met their obligations with respect to the state order. At the same time, grain sales to the state are lagging in Zaporizhzhya (57 percent), Kherson (74 percent), and Odessa (83 percent) oblasts and in the Republic of Crimea (68 percent). To some extent, this has been caused by shortfalls in the gross harvest due to unfavorable weather conditions in these oblasts.

The situation in livestock husbandry is growing worse: the incidence of rinderpest among cattle, hogs, and poultry is rising, their productivity is falling, and the number of newly born young is decreasing. Sales of meat to the state have decreased by 486,800 metric tons, or 21 percent, as compared with last year, of milk—by 1,100,800 metric tons or 11 percent, and of eggs—by 686.8 million or 15 percent.

The state order for the procurement of cattle and poultry has been met 63 percent, milk—81 percent, eggs—69 percent.

The situation as it pertains to the procurement of feed improved in September. By 4 October, 28.5 million metric tons of feed units had been procured, exceeding last year's amount by 5 percent. The standard per capita procurement amount is 14.5 centners feed units as compared with 12.7 centners in 1992.

The financial situation in which producers find themselves affects how things stand in agriculture. In the third quarter, just in indexation adjustments and supplementary payments for livestock products sold to the state, the state ran up a debt to farms in the amounts of 2.4 trillion and 3.6 trillion karbovantsi, respectively.

The Ministry of Agriculture and Food has calculated that in order to ensure the procurement of agricultural products, create food and feed reserves, and fulfill obligations assumed under interstate agreements, in October—December of this year farms need to be issued credits in the amount of nearly 12.3 trillion karbovantsi, of which 5.2 trillion are earmarked for the procurement of sugar beets, 1.4 trillion for sunflowers, and 1.2 trillion for grain.

The situation in the construction complex is growing more acute. Because clients lack funds, their debts to building organizations are growing and clearing operations between those involved in the investment process are being delayed. Construction projects are being inadequately supplied with equipment, building materials, and transport. As a result, construction volume is continuing to fall, and the program of construction starts for the year is not being carried out satisfactorily.

During January—September, actual spending on capital investments amounted to 7,834 billion karbovantsi and on construction and installation work—5,484 billion karbovantsi, which is 14 and 4 percent less, respectively, than last year.

Capital stock valued at 2,521 billion karbovantsi was put into service in the national economy.

In January—September, a total area of 6,861 thousand square meters of housing was placed into exploitation at the expense of all sources of financing. This amount constitutes 9 percent less floor space than the amount put into service during the first nine months of last year. Also placed into exploitation were general education schools to accommodate 64,200 pupils (9 percent fewer than during the same period last year), preschool institutions to accommodate 12,700 children (14 percent fewer), hospitals totalling 1,500 beds (5 percent fewer), and outpatient and polyclinic facilities to accommodate 4,000 visits per shift (34 percent fewer).

The volume of freight hauled by common-carrier transport is continuing to decrease: railroad—by 26 percent, motor vehicle and river—by 8 percent, and sea—by 18 percent.

This reduction in freight haulage is accompanied by a steady rise in the cost of transporting freight. Since the beginning of the year, the average rate for shipping freight has increased 10-fold overall, and 32-fold by railroad, 11-fold by air, and nine-fold by motor vehicle.

In January—August, Ukraine's total volume of external economic turnover with the countries of the former USSR amounted to 18.3 trillion karbovantsi, of which exports accounted for 5.6 trillion and imports for 12.7 trillion karbovantsi, resulting in an overall negative trade balance of 7.1 trillion karbovantsi (mainly accounted for by purchases of natural gas, oil, and oil products).

More than 2,600 foreign investments were registered this year, which constitutes 78 percent of the number registered in 1992. For the most part, these are investments into the development of joint enterprises (93 percent). At present, there are more than 1,800 joint enterprises with foreign investment in Ukraine.

This report was prepared for the purpose of providing information on the basis of materials supplied by the Ministry of Economy, the Ministry of Statistics, the Ministry of Finance, and the National Bank of Ukraine.

#### Ivano-Frankivsk Third Quarter Economic Statistics Reported

944K0294A Ivano-Frankivsk HALYCHYNA  
in Ukrainian 12, 13 Nov 93

[Report in two installments by the Ivano-Frankivsk Oblast Statistical Administration, under the rubric "Statistics": "Without Illusions: The Crisis Is Continuing"]

[12 Nov p 3]

[Text]

## MATERIAL PRODUCTION

### Industry

Industrial output at key enterprises in comparable prices decreased by 10.8 percent in the first nine months of this year. Labor productivity fell by 7.3 percent. Since the beginning of the year, there was no increase in output at 113 industrial enterprises and no rise in labor productivity at 103 enterprises.

Output was increased by enterprises in nine of the oblast's 18 cities and rayons and overall by enterprises in the timber, woodworking, and pulp and paper industry.

Wholesale prices of industrial products increased 1.8-fold in September as compared with August and 61-fold as compared with September of last year. Of these, the prices of goods produced by the fuel industry increased 121-fold, by the electric power industry—69-fold, by the building materials industry—63-fold, by the machine-building industry—58-fold, by the food and confectionary industry—71-fold, by the meat industry—62-fold, and by the butter, cheese, and milk industry—57-fold.

During this nine-month period, the value of shortfalls in deliveries of goods to consumers as per concluded contracts amounted to 3,457.7 million karbovantsi, or 0.3 percent of the total production volume. The enterprises responsible for the largest shortfalls in deliveries were the Burshtyn plant of prefabricated large-panel structures for housing projects (1,050 million karbovantsi), the Kolomyia woodworking plant (1,045.8 million), the Nadvirna (390 million) and Delyatyn (357 million) timber combines, and the Halych building industry combine (369.6 million karbovantsi).

Oil output (including gas condensate) decreased by 31,000 metric tons and that of gas by 34.1 million cubic meters. Because of reduced oil deliveries, the amount that was refined decreased by 448,000 metric tons, resulting in a 45.2-percent drop in the output of gasoline and a 20.9-percent drop in the production of mazut for use as fuel oil. Only the output of diesel fuel has increased—by 84,800 metric tons.

Due to a reduction in the total volume of machine-building output (by 6.4 percent), there has been a drop in the output of most of the principal products manufactured by this sector: loaders (46.9 percent), sets of distributing devices (63.7 percent), computing equipment and spare parts for it (17.9 percent), oil drilling equipment (44.5 percent). The output of automation equipment and devices and spare parts for these was the only area in which production exceeded the levels achieved during the corresponding nine-month period of last year.

Production by enterprises in the chemical and petrochemical industry decreased by 18.1 percent. Output of the following products was lower than during January—September of last year: caustic soda—by 29,500 metric tons, synthetic resins and plastics—by 11,200 metric tons, textile-enhancing substances—by 1,800 metric tons, synthetic dyes—by 293 metric tons, chemical plant-protection agents—by 3,300 metric tons, and mineral fertilizers—by 3,200 metric tons.

Despite the overall increase in output by the timber, woodworking, and pulp and paper industry, production of the following important goods decreased in January—September: lumber (by 19.3 percent), parquet flooring (by 12.4 percent), woodchip sheets (by 9.1 percent), woodfiber sheets (by 6.4 percent), assembled window and door frames (by 3.9 percent). The Kolomyia paper plant produced 556 metric tons less paper.

Compared with the first nine months of last year, overall output by enterprises in the building-materials industry dropped 21.4 percent, while the decrease in the output of individual products ranged from two to 50 percent. Production of prefabricated reinforced concrete structures and elements decreased by 57,100 cubic meters, slate—by 14 million standard tiles, asbestos-cement pipes and couplings—by 781 kilometers of standard pipe lengths, nonmetallic building materials—by 774,400 cubic meters, building bricks—by 9.7 million standard bricks, lime—by 2,200 metric tons, clinker—by 4,500 metric tons. At the same time, the output of cement and gypsum has increased.

### Capital Construction

Capital stock valued at 29.6 million karbovantsi was put into exploitation in the oblast during the first nine months of this year. Capital investments amounted to 129.2 billion karbovantsi, of which 62.5 billion were spent on construction and installation work.

Collectively owned enterprises accounted for 16 percent of all capital investments. Forty-one billion karbovantsi, or 44.6 percent of the total amount of capital investments earmarked for industry, were spent on the reconstruction and retooling of existing enterprises. The portion of funds spent on the construction of production facilities amounted to 71 percent of the total sum.

The amount invested in the development of the agro-industrial complex was 23.2 billion karbovantsi, or 18 percent of the total volume of investment capital.

One thousand five hundred forty-seven apartments, totalling 121,800 square meters of floor space, were put into exploitation. The population built 637 apartments totalling 64,100 square meters of floor space. Compared with January—September of last year, five percent more residential floor space was put into exploitation.

Social and cultural facilities placed into exploitation included schools with accommodation for 1,945 pupils, 130.5 kilometers of gasification systems, etc.

The oblast's building organizations performed work by contract valued at 68.4 million karbovantsi.

Work done to liquidate the effects of the catastrophe at the Chernobyl AES accounted for 15 percent of the total volume of jobs performed by the oblast's organizations.

State construction projects accounted for 51 percent of the total volume of building activity.

#### **Transportation and Communications**

During the first nine months of 1993, the amount of freight hauled by common carrier decreased by 36.4 percent as compared with the same period last year. All forms of transport experienced a drop in the amounts of freight conveyed.

The Ivano-Frankivsk branch of the Lviv Railroad transported 1.6 million metric tons of freight, or 24.4 percent less than during the same period of last year. The amounts of all basic types of freight were smaller, with the exception of cement.

The haulage of freight by common-carrier motor transport dropped 45.3 percent, or four million metric tons. All motor vehicle enterprises had reduced volumes of freight as compared with the same period last year.

The unified aviation unit transported 63.6 metric tons of freight, or 1,600 less than during the same period last year [as published].

The enterprises of the Ivano-Frankivskavtotrans Transport Production Association [TVO] earned six billion karbovantsi transporting passengers, 4.4 percent of which was income from conveying passengers by city express buses.

Revenues from conveying passengers by the aviation unit amounted to 452.7 million karbovantsi.

The enterprises of the Ivano-Frankivskzvyazok Production Association earned nine billion karbovantsi in January—September. This constituted a 22-fold increase over their income during the same period of last year. However, the quality of service did not improve. In the third quarter alone, there were 258 complaints about the quality of communications services. The greatest number of complaints concerned the quality of urban and rural telephone service (178) and postal services and newspaper deliveries (76).

[13 Nov p 3]

#### **Agroindustrial Complex**

This year's grain yield was the oblast's highest in 40 years—37.9 centners per hectare (in the initially debited weight, exceeding last year's by 6.8 centners and that of 1986-1990, by 3.8 centners. Although the area under grain crops (not counting corn) in the social sector decreased by 600 hectares as compared with last year, gross yield increased 1.2-fold.

The total amount of grain sold to the state by all the oblast's farms was 82,900 metric tons, which is 900 metric tons more than last year and constitutes 118.4 percent of the state order. Half of all this grain was produced by farms in Horodenka, Rohatyn, and Snyatyn rayons.

By 25 October, the state procurement centers had taken in 399,400 metric tons of sugar beets from all categories of farms. This constitutes 71 percent of the state order and exceeds the amount received last year by the same date by 26,000 metric tons (7 percent). Farms in Rohatyn Rayon reduced their sales of sugar beets to the state by almost 25 percent. By 18 October, 4,200 metric tons of fruit and berries were bought, which is an increase of 13 percent over last year.

The procurement of other agricultural crops is not proceeding as well as last year. Potatoes bought as part of the state order amounted to 8,200 metric tons, which is only about half as much as had been procured by this same time last year, vegetables—7,500 metric tons (29 percent less), and the amounts of fiber flax and tobacco bought by 4 October were 4,700 and 500 metric tons, respectively, or 9 and 16 percent less than by this date last year.

Work is under way to prepare for next year's harvest. By 25 October, farmers' unions, agrofirms, and state farms had sown winter grain crops for seed and green chop on 82,800 hectares, or 103 percent of the planned area. This includes 70,200 hectares, or 101 percent of the designated area, sown with grain for seed.

In the first nine months of this year, the farmers' unions, agrofirms, state farms, and interfarm enterprises sold 33,200 metric tons liveweight of cattle and poultry for slaughter, which is 7,800 metric tons, or 19 percent, less than during the same period of last year. They produced 116,900 metric tons of milk, which is 800 metric tons or 0.6 percent less, and 38.1 million eggs, which is 31.2 million or 45 percent less than last year.

Meat and egg output dropped in all rayons and milk production fell in half the rayons. Bohorodchany, Horodenka, Dolyna, Kolomyia, Rohatyn, Snyatyn, and Tlumach rayons overcame lags in the production of milk and increased output by 0.1 to 10 percent.

In the third quarter, compared with the first half of the year, the oblast's collective farms, state farms, and interfarm enterprises somewhat reduced the decline in milk output and increased the production of meat.

Relative stability in the production of milk was achieved by increasing the productivity of the milk herd. The yield per cow for the nine-month period was 1,974 kilograms of milk, or 158 kilograms more than during the same period last year. Average yield per cow decreased only at farms in Rozhnyativ, Nadvirna, and Tysmenytsya rayons.

The yield of eggs per chicken was 113, or 39 fewer eggs than last year.

The principal cause of decreased output was the fall in the number of head of livestock and poultry, which changed as follows in the oblast's collective agricultural enterprises, state farms, and interfarm enterprises:

	Number of head of livestock on 1 October, in thousands		
	1992	1993	1993 as % of 1992
neat cattle	249.3	225.1	90
including cows	61.2	58.9	96
hogs	104.7	93.4	89
sheep and goats	14.4	10.8	75
all kinds of poultry	1,583.2	1,590.2	100.4

The number of head of neat cattle compared with the corresponding period of last year decreased by 24,200 head, cows—by 2,400, hogs—by 11,300, sheep and goats—by 3,600, and the average number of egg-laying chickens—by 118,500. The growth of the livestock husbandry branch may be adversely affected by the fact that farms in the social sector have procured less feed for the coming winter than they had obtained for last winter. On 18 October, seven percent less of all kinds of feed in standard units had been procured than last year, including 29 percent less hay and 12 percent less straw. The amount of grain forage laid aside exceeds last year's supply by 17,900 metric tons, or 30 percent.

Using all sources of income, the state bought 54,700 metric tons liveweight of livestock and poultry, or 89 percent of last year's amount, 138,000 metric tons of milk and milk products (104 percent), and 31.4 million eggs (50 percent) from agricultural producers.

In the first nine months of this year, 76 percent of the state order for 1993 for the procurement of livestock and poultry was carried out, 84 percent of the order for milk, and 41 percent of the state order for eggs.

The state purchased 19,400 metric tons of livestock and poultry, 44,600 metric tons of milk, and 0.8 million eggs from privately owned subsidiary plots.

The number of individual peasant (farmers') holdings is growing, and on 1 October there were 646 of them, or 28 more than on 1 July. These holdings cover 4,300 hectares of agricultural lands, including 3,500 hectares of plowed

fields. In the first nine months of this year, these farms sold the state 229 metric tons of meat and 63 metric tons of milk.

#### **Yukhnovskyy Analysis of Current Economic Condition**

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25 Sep 93 p 13

[Article by Ihor Yukhnovskyy: "Ukraine on the Path to Strengthening Statehood"]

[Text] I will begin the report on the topical question of building the Ukrainian state with a brief description of its land, riches and population.

Ukraine is located in the southwestern part of the European continent and occupies an area of 603,000 square kilometers, with a population of 52 million people increasing annually on the order of 1.2 percent. Some 30 percent of the population works in industry, 21 percent in agriculture and forestry, 7.5 percent in transport and communications and 21 percent in the sphere of services, science, culture and education. Their contribution to the national product is measured at the values of industry 40 percent, agriculture 27 percent, transport 5 percent and the sphere of services, science, culture and education 11 percent. The return is especially low in transport, as well as in the sphere of services, science and education, in Ukraine compared with other countries.

A number of tables are presented below.

<b>Ukraine</b>	
Area	603,000 km <sup>2</sup>
Perimeter	6,516 km
Coastline	1,053 km
East-West	1,319 km
North-South	895 km
Population	51.8 million
—male	21.8 million
—female	28.0 million
Life span	71 years; 66 M, 75 F
Able-bodied population	29.0 million
Production	17.8 million
Non-production sphere	6.7 million
Science, education, arts	3 million
Apparatus	0.6 million

#### **Ukraine—Power Engineering, Principal Features**

Type	Coal	Oil, millions of tonnes	Gas, billions of cubic meters	Uranium	Electric power, billions of kWh/year
Resources	80 billion tonnes	7	35	80,000 tonnes	280
Annual requirements	176 million tonnes	47/30	120/90		
Intrinsic production 1993	139 million tonnes	4.1	17		250
Imports		4.3	103		

**Ukraine—Power Engineering, Principal Features (Continued)**

Type	Coal	Oil, millions of tonnes	Gas, billions of cubic meters	Uranium	Electric power, billions of kWh/year
		2.6	73		
Payments <sup>1</sup> for imports, billions \$ percent		-5.16	-8.24	-0.14	
		-3.12	-5.84		
Cost <sup>2</sup> of electric power, 1,000 kW/year in \$	18	38	47	3	
1—overall total 13.54 9.1					

2—world price 42.

**Ukraine—Agriculture**

Total land, millions of hectares	60.3
arable lands	42
tillage	33
meadows	2
pastureland	5
plowed factor	70 percent
number of families in villages	9.2 million

number of kolkhozes	10,760
average size of kolkhoz farm	2,650 hectares
number of farmers	14,000, 21 hectares each
Poland	2,146,000, 9 hectares
France	912,000, 31 hectares
Denmark	30 hectares

*Harvest 45 million tonnes of grain in 1993; requirements of the state 15 million tonnes***Animal Husbandry**

Type of animal	Number of millions of heads/u.g.	Percent of total	Hypothetical requirements for soy, millions of tonnes	Conclusions
Livestock	24/17	56	5	1. Ratio does not conform to types of animals.
Pigs	18/6	20	3.6	
Poultry	243/5	17	4.[illegible]	2. 130,000 hectares of soy sown
Sheep, goats	9/1	3	[illegible]	requirement for protein component

**Exports of Agricultural Products: Russia, CIS**

Type	1990, 000 tonnes/value, billions of \$	Percent fulfilled in 1992	Plan for 1993/value	Conclusions
Meat products	310/1	21	219/0.7	Orientation of exports toward animal products is erroneous
Dairy products	—/1.5	6	1,173/1.5	
Sugar and confectionery products	1.5	17	1,570/0.6	
Oil	300/0.17		180/0.1	
Vegetables, fruits, berries	10.2	21	3.5 billion \$	
	/4.5			

**Agriculture: Transition to World Prices, Critical Harvest at Collective Farm (profits—0)**

Type	World price in \$	Critical harvest/hectare
Winter wheat	162	22
Wheat	100	36
Potatoes	90	240
Sugar beets	46	>265

**Ukraine—Metallurgy**

14 percent of total production of Ukraine

Of world reserves:

manganese	27 percent
iron	13.6 percent
mercury	8 percent

Enterprises	550
Scientific-research institutes	77
Open-hearth furnaces	85, 26.1 million tonnes, 76.4 percent of total items
Converters	24
Electrosmelting furnaces	95, 6 percent of total items
Continuous casting of steel	10—15 percent of total items

**Most Important Products**

Type	Capabilities	Production	Requirements; domestic/export	Value of exports, billions of \$
Rolled ferrous metal, millions of tonnes	29	29	32, 18/14	3.5
Steel pipe, millions of tonnes	7	6	6.6, 2.1/4.5	1.8

**Ukraine—Drop in production in 1992**

Type	Percent
Coal	81
Paper	68
Rolled metal	76
Medicines	60
Pipe	77
Linen and hemp fabric	61
Petroleum refining	61
Polyethylene	47
Microbiological feed protein	40
Diesel locomotives	31
Lumber products	31
Footwear	75
Animal fats	66
Bicycles	72
Oil	62
Televisions	59

We will now move on to conclusions and recommendations.

A crisis situation encompasses all areas of the life of Ukraine—the economy, the social sphere and politics. The priority area must be defined among the aggregate of tasks that face us. If we do that, then with the proper feedback it will be possible to pull out all the areas in the life of the state. For Ukraine that priority is the economy. The principal attention in this report will be devoted to it.

The principal task of society and the government in the realm of the economy is increasing the gross national product, increasing national income, stabilizing the monetary system as the lifeblood of the economy and ensuring feedback in the functioning of the state mechanism.

These tasks are universal and valid for any state in the world.

Ukraine, so as to join them, should overcome certain preconditions that have taken shape as a result of the political, economic and technological collapse of the Soviet Union and the unskilled management of state policy.

The principal difficulty lies in the decline of production, the technological backwardness of all of production and violations of the law of value—that is, violations of the world correlations among prices for goods, among wages and between prices and wages, in the absence of a sufficient quantity of our own sources of oil and gas.

Production is declining as a consequence of the breaking of ties with Russia for the supply of constituent items, imperfections in financial operations, a lack of proper domestic ties, imperfect supervision and the lack of a vested interest of collectives in production.

There are the following objective circumstances in the break of ties with Russia.

First. Both Russia and Ukraine are heading toward modernization. Modernization is possible, in general, only with the assistance of Western technologies. Thus, having the least opportunity to obtain credits or even via barter operations, enterprises in both Russia and Ukraine will be establishing ties for the delivery of more advanced technologies of the West. The need of Russia for Ukraine and the need of Ukraine for Russia will naturally be lessened in this regard.

Second. Ukraine gains nothing if it renews ties at enterprises at which, for example, 30 percent of the constituent items are supplied from Ukraine and 70 percent from Russia. The enterprise will have virtually no funds for its own modernization as a result of the sale of its products. We must thus seek out ways of obtaining constituent parts in Ukraine.

Third. Ties have been broken off over thousands of kilometers. Taking into account the expense of fuel and transport, ties will naturally be broken off. We should thus have with Russia a clear-cut and streamlined system of financial operations, with ties coming together by reasonable necessity.

Russia remains a sales market for Ukraine for a broad spectrum of our products—grain, meat, milk, ores, pipe, machinery, buses and locomotives, among others, as well as the transit services of Ukraine.

The principal line item of imports from Russia to Ukraine is oil, gas and timber, a total of up to 14 billion dollars a year. The principal task of the state is to reach balance-of-trade parity with Russia.

Paid services could reach 6.5 billion dollars a year. They are now three billion dollars. Our exports with Russia should thus look like about seven billion dollars. We cannot achieve that if we have to export metallurgy of four billion dollars and exports of agricultural products moreover have to reach 3.5 billion, which in grain equivalent means some 20 or more million tonnes of grain; that is unrealistic for us.

The import of 90 billion cubic meters of gas and 30 million tonnes of oil is also an unrealistic matter for us from the standpoint of payment. It does not matter whether we are an independent state or a province of Russia.

Ukraine should realize that fact clearly and get started on the corresponding work. First of all is economizing energy and conserving products and crops of any type across the whole territory of the state.

Also at issue is the mass heating of all accommodations and simple thrifit in the consumption of gas, oil and electric power, with the introduction of meters across the whole territory of the state.

The corresponding work must be launched on this score by the ministries, and especially the Ministry of Municipal Services, along with the corresponding propaganda work.

But what should be done with the debts that we have now in relation to Russia? We will unfortunately be forced to sell Russia certain real property on the territory of Ukraine, for example, the shares of certain enterprises.

As for the lack of domestic ties, the domestic system of economic management has the flaws of the old administrative system. The structure of the management of production must be changed.

The principle of sector centralization for the management of ministries, and especially the ministries of machine building and conversion, seems to be unworkable and incapable of supervising the huge number of enterprises.

The possibility of full self-management by the labor collectives of enterprises is an illusion.

The principle of sector-territorial, thematic corporations and concerns should be made inherent in the management of production. An oversight council heads the concern, and is made up of representatives of the enterprises, the Cabinet of Ministers (which is responsible for the creation of funds, the long term and the coordination of operations), the State Property Fund (issues of denationalization), the state administration (the interests of the region and social issues), the State Committee for Resources (state orders and state supply), the bank (the creation of the renewal fund) and the labor collectives and trade unions.

The oversight council transfers to the board of the concern, headed by a president and the members of the board, the right to manage the property.

The concern is directed toward the manufacture of end products and the preservation and development of scientific and technical potential, the service and marketing network and investment activity.

The ministries will focus their work on overall national priorities, the efficient monitoring of the most important areas, the creation of renewal funds and the coordination of operations. The next point among the causes for the decline is the lack of vested interest of the collective. It arises from the violation of the law of value of work over the whole range of goods and work in the state; this issue depends on the stability of the exchange rate of the Ukrainian karbovaniets and will be considered below.

Priorities must also be defined, along with the restructuring of management and the creation of industrial-finance associations and concerns with certain production themes, for certain sectors of production that would be reproduced more quickly.

First of all, those sectors that were not assigned significance in the past in the militarized production of Ukraine.

So, Ukrainian granites, which come to the surface on almost two thirds of the territory of the state. Their colors are from black to gray, red, green, blue, even white—unique in the world. The modernization of the technology of production and servicing within the framework of European standards, privatization and the creation of concerns will bring profits of up to a billion dollars a year in the very near future.

The kaolins are the best in quality in the world. The export of kaolins, the attraction of foreign capital and the manufacture of plumbing fixtures and dishes promise us up to half a billion in profits over the next two years, plus the domestic replacement market.

Metallurgy is the principal sector of industry in Ukraine. The most expensive part is the production of ores and cast iron, which take up to two thirds of the spending in ferrous metallurgy. Almost all of the products, with few

exceptions, do not have world certificates, the range of types of castings is too low; hence the metals-intensiveness of products is too high, and the waste of metal is up to 35 percent.

The sector at the same time has at its disposal a considerable number of scientific-research institutes.

The principal tasks are certificates for products, conversion to continuous casting of steel, the output of cold-rolled fine sheets of high-grade steels with special coatings, pipes in a wide assortment, rolled metal and blanks of titanium and aluminum.

The metallurgy of Ukraine is one of the most important export spheres. While machine building and electronics require prolonged cooperation with Western technology, metallurgy, like agriculture, is a sector that is already providing us with exports.

Problems of the power engineering of Ukraine occupy a special place. There are strategic problems and problems of a short-term program, but both must begin right away.

The strategic program—the transition of the power engineering of Ukraine to technology for the combustion of low-calorific coal and coal slag, and the creation of mine—electric-power plant associations. Such associations are profitable in the transition to world prices;

—the development of new nuclear technologies, the search (incentives) for the exploitation of new gas fields and the urgent acquisition of ultrasonic exploration gear. The use of our own, non-traditional sources of energy, small-scale power engineering, for the resurrection and development of which we have both all of the prerequisites—the specialists and the engineering.

The short-term program—the refitting of electric-power plants that are operating using combustion, gas and fuel oil to eliminate combustion. This would save 20 billion cubic meters of gas and five million tonnes of fuel oil a year, and would provide an annual overall savings of up to two billion dollars.

The refitting will cost considerably less than the profits that will be obtained from it.

The economy and accounting of energy, which has already been talked about in general, and the thorough management of the power sector from the ground up could lead to a great economic of fuel.

Permit me to dwell on the principal problems of agriculture.

First of all, a clear-cut definition of the program of land ownership. The farm has to become the basic entity for cultivation.

The ownership of the land, buildings, livestock, equipment, the harvest and profits must belong to the farmer.

The farmer pays taxes for the land.

The goal of the state here is the maximum preservation of the harvest and the conservation of energy.

The basic form of functioning of agriculture is farmers' associations or cooperatives, and the goal of the state is the successful cultivation of large areas using powerful mechanisms, increasing the commodity mass of products.

The issue of shares of stock in regional state organizations, agricultural technical services, agricultural chemicals, meat combines, elevators etc. to the ownership of the farmers.

Organizations of the type of concerns with oversight councils of the preceding type could be created in agriculture.

Near-term measures in agriculture are the ending of the appraisal of the land and the creation of maps on an appropriate scale, the determination of prices for the land, the determination of taxes on the land and a program of elite seeds and embryos of elite animals. These programs, however, will not be fulfilled without a central program in the state, such as the program of protein components in feeds. The state program moreover should adopt a program of corn and soy. A program of fertilizers, medicines, herbicides and pesticides for agriculture. A program for processing, storage and packaging of agricultural products on the scale of the oblast, rayon and kolkhoz as well as in each village, and a program of small-scale mechanization.

These are just some examples of programs in the most important areas of production. The measures that I have presented are of broader scope in machine-building, electronics, transport and municipal services.

I will dwell on the problem of arms in Ukraine. We need to conduct an accounting of existing stores of weapons, determine the amount of arms necessary for the army and the quantity that needs to be sold, and make a one-time, mass sale of arms regardless of to whom they are sold.

The establishment of diplomatic ties with Russia and the North Atlantic alliance regarding the necessity of the sale of arms by Ukraine.

The development of our own production of arms, tanks, missiles and precision-homing weapons, development of the production of explosives and modern naval arms. There are prospects here for Ukraine in areas in which we have world priority.

Diplomatic contacts with the aim of the entry of the appropriate firms of the country into contact with European, American and Russia arms firms, and determination of the market and our own needs. Making more detailed the defensive doctrine of Ukraine, with the aim of creating a full set of conventional weapons for the army of Ukraine. The mass and immediate conversion of those defense enterprises that are not on the list of the types of weapons necessary for Ukraine and for export.

A policy of nuclear disarmament is essential for Ukraine, provided that the sovereignty of the nation and material compensation are provided for. The placement of intercontinental missiles on the territory of Ukraine does not serve the security interests of Ukraine under those circumstances.

The launch of intercontinental ballistic missiles can be accomplished only by the President of the Russian Federation. Opportunities for the President of Ukraine to prevent the launch have not been found. Under the unlikely circumstance of a launch from the territory of Ukraine, Ukraine would be destroyed in reply. Ukraine is not able to fully maintain the missiles.

We need to enlist Russian specialists for that purpose, buy the necessary replacement parts in Russia and bear large and unnecessary expenses.

The inability of Ukraine to maintain fully the missiles creates the danger of chemical-radiation contamination of the environment, and could be a cause of interference in its affairs by other states. Ukraine must make the transition to nuclear-free status!

Every ballistic missile has certain basic elements for military purposes—the electronic and electro-mechanical devices of the guidance systems, the nuclear charges and the fuel. Ukraine has to propose the creation of a commission, made up of specialists from Ukraine, Russia and the United States, that would study and implement the removal of the guidance devices from the missiles.

We will later have to sell the nuclear charges either to the United States or to Russia for money, or for a one-time exchange for the corresponding amount of low-enriched uranium. A joint industrial enterprise must be created to neutralize the heptyl fuel component. The institutes of the Academy of Sciences of Ukraine have found a method for the laboratory conversion of heptyl into an anticorrosive substance that is not toxic, according to preliminary data.

Ukraine requires assistance in implementing all three proposals. A special mechanism has to be created to finance this work. Ukraine wants to have guarantees of the security of its statehood on the part of the nations of the world. Only such a policy could provide us with security and the corresponding jurisdiction.

The diplomatic activity in this area, however, is clearly inadequate.

One of the most important issues that faces us is measures connected with the transition to world prices. Poor technology and the high materials- and energy-intensiveness of finished products predominate in most types of production. Product cost computed in world prices and on the basis of standard expenditures could exceed its price in the world market. The corresponding enterprises are going bankrupt.

Steps include making temporary calculations of standard expenditures at world prices per unit of product comparable to world prices at all state enterprises; instituting quality factors for products that conform to world standards; energetic steps to certify products; the introduction of information on the corresponding world standards in production; the institution of taxes on the import of goods that could be produced before the curtailment of our own production of similar goods; the mass conversion of the production of military hardware; the duty-free import of new technologies; and, the constant warning of enterprise collectives of possible bankruptcy.

The creation of a system of public works in the building of roads, housing and agricultural works with the maximum possible utilization of manual labor and the involvement of private and state firms in private investment in public works.

**Financial renewal. Aim--to overcome inflation. Steps:**

1. reduction of the exchange rate of the dollar relative to the Ukrainian karbovanets and stabilization of the karbovanets exchange rate;
2. institution of order in trade and the tax system of Ukraine;
3. stabilization of prices, wages and references of world prices and wages;
4. a statistical service and monitoring of the inflationary process.

1. Reducing the dollar-karbovanets exchange rate. The establishment of a duty on the removal of goods from Ukraine abroad and the organization of duties collection. The size of the duty will be proportional to world prices for a good, multiplied by the karbovanets-dollar exchange rate on the black market. The duty is collected in karbovantsi. The exchange rate of the dollar will be reduced owing to the persistent shortage of coupons. The National Bank organizes exchange points at the customs points.

Close interaction of the government, the National Bank and the Export-Import Bank of Ukraine with the commercial banks of the state, with the aim of reducing inflation.

A halt to trading in currency, the dissolution of hard-currency stores and the adoption of the corresponding government decree.

The complete elimination of non-registered monetary exchange points, the creation of a stabilization fund for coupons in convertible currency, the accumulation of precious metals and rare-earth metals—uranium, bauxite, gold etc. The utilization of natural resources for a stabilization fund.

Natural resources are understood to mean known fields of granite, graphite, mercury, ozocerite, iron and manganese ores, titanium and a number of rare earth metals etc.

Fostering growth in the production of goods and services via the opening of special credit lines to provide incentives for processing enterprises in agriculture and the production of consumer goods.

The creation of non-taxable, special-purpose credit funds. The institution of credit operations in coupons, but in dollar equivalent. Credit for mortgages, and permission for managers of enterprises to pledge up to 49 percent of the property of enterprises, notifying the State Property Fund.

The institution of marketable notes in the process of bank credit, and increases in the interest rate scales for investment in our own currency at a rate equivalent to investments in foreign currency. Recording of investments in dollar equivalent.

Assurance of the convertible foundations of receipts from privatization. Entry into circulation of the hryvnya only with the presence of signs of stabilization of the coupons.

2. Institution of order in trade. Mandatory trading with cash operators and mandatory indexing of receipts at the end of the working day at each trading point. Creation of an armed inspector oversight service of the rules for conducting trade.

The institution of order in the tax service of Ukraine. Improvement of the tax service, creation of an armed inspectorate, and institution of taxes that would stimulate growth in labor productivity, the utilization of land and the means of production. A tax in particular on land in agriculture.

Agricultural lands should be divided up by productivity based on the results of an appraisal valuation. Each zone has its own tax scale per hectare of arable lands. The tax on land is the only tax on agriculture. The tax is collected in kind on a temporary basis in 1993—1994, which makes it resistant to inflationary processes.

The tax on production: on the asset portion of fixed capital of an enterprise, on working capital and on standard reserves.

The tax on wages and tax on profits: profits aimed at the modernization of production and the output of consumer goods, the creation of processing enterprises and the production of packaging, tare etc. are not taxed.

The stabilization of prices and wages in Ukraine, with the pattern world prices and wages.

3. The steps described above must be carried out to increase the goods of domestic production for the

domestic market. Pricing and wages cannot be determined at random. The powerful organized-crime systems will always hinder the fair determination of prices and wages. The state must foster the price correlations and wages that exist in a free market system. Reference prices and wages are being instituted as points of reference. Prices for agricultural and industrial products are brought closer to the framework of reference wages. Incentives. A healthy economic system exists surrounding the former Soviet Union and the countries of popular democracy. While improving production, we must head toward the correlations of prices and wages that exist there.

The price reference. World prices in dollars multiplied by the exchange rate of the karbovanets to the dollar, with a regard for productivity factors, working conditions and product quality are the reference scale for wages in Ukraine.

Say for illustration that one could buy 884 kilograms of bread in Austria with the average wage; we should be close to that as well.

4. All of the measures cited above will be in vain without feedback. The most important thing is thus the creation of a statistical service of economic competition and overall financial monitoring in Ukraine.

Tasks must be posed to fulfill goods balances of all enterprises and farms, the fulfillment of the balance of payments of enterprises and farms in world and domestic prices; the monitoring of the balance of payments, exports, imports, the domestic market, fees for transit services, banking operations, the level of inflation and the social security of the population.

The administrative system of the state is breaking down thanks to the lack of feedback.

Now certain elements of foreign policy. The proposals of Turkmenistan and Georgia to convene a conference of the heads of the states that were formed after the collapse of the USSR should be accepted. Ukraine will be one of the leading powers at that conference.

The protection of Russian-speaking Ukrainians in the other nations and republics of the former USSR has to be done by us, and not by Russia.

The creation of an energetic trade bridge through Ukraine—Georgia—Azerbaijan—Turkmenia, and the creation of such a bridge for all of Europe.

The renewal of industrial ties with the former countries of people's democracy, since that is cheap and advantageous for us, and, finally, the participation of Western Europe in modernizing production in Ukraine.

The program to get out of the crisis has to have a unified spirit, a unified core and a sole personality who could

write the fundamentals of it by using where necessary technology, mathematical economics and the history of politics.

**T**here is no need to feel that the Soviet Union will be restored, and there is no need to make vain efforts in that direction, since it is not happening.

Two dilemmas face Ukrainians. The system that very much had to collapse, and did collapse, could lead to total chaos, from which the centers of self-organization—the new state—are formed. This path, which we are taking today, leads to great and prolonged pain. But there is also an element of national effort on the path to collapse that could create an ordered state, and Ukraine has to take this other path, the path of national effort.

We cannot only look at how it is being done in Russia. It has to be otherwise. It has to be easier for us than Russia, since we are smaller and almost one nationality. Our correct steps will thus be received by Russia with happiness, with sympathy and with repetition by themselves. Only that path is the correct one.

#### **Odessa Economic Autonomy Push Explained**

944K0237A Kiev GOLOS UKRAINY 6 Nov 93 p 6

[Odessa Oblast Soviet Chairman R. Bodelan interviewed by correspondent Georgiy Vorotnyuk: "Region: Independence Plus Responsibility—Will Economic and Legal Experiment Be Conducted in Odessa Oblast?"]

[Text] **O**dessa—GOLOS UKRAINY has already briefly reported that the Odessa Oblast Soviet of People's Deputies adopted a decision entitled "On Conducting a Economic and Legal Experiment in Odessa Oblast in Broadening the Region's Economic Autonomy," as well as a concept for providing the legal foundation for the experiment. However, the oblast Soviet is unable to go forward with the experiment on its own—it needs appropriate legislative and executive acts by the Ukrainian parliament, president, and government. The latter are all considering petitions from Odessa. What is the Odessa Soviet's plan?

**T**his was the subject of a conversation with R. Bodelan, chairman of the Odessa Oblast Soviet and Ukrainian People's Deputy.

[Vorotnyuk] Ruslan Borisovich, exactly what does Odessa want?

[Bodelan] There was a time when anything and everything was directed by Moscow. And now local areas can't take a step without Kiev; it could be said that centralization of administration has become even more rigid. And the paradox is that this will hardly lead to stronger state discipline, because the center doesn't have time for this, while the local areas' hands are tied. Odessa Oblast has strong potential for economic development that could be activated relatively quickly if the region's

economic and legal autonomy were broadened and the state were to delegate to it a number of powers in the legal and economic spheres. I am not exaggerating: Our region in particular has potentially great capabilities to promote Ukraine's rapid integration in the world market. This is facilitated above all by the existence of deep-water ports and two large-capacity shipping lines and by the fact that world trade routes pass through here and the area has traditional ties with many of the world's countries.

[Vorotnyuk] What specific powers are you asking for?

[Bodelan] They are briefly summarized in the concept adopted by our session. We are proposing that the oblast be given the following powers:

In foreign economic activity: the establishment of special arrangements in accordance with section three of the Ukrainian law "On Foreign Economic Activity," with the concurrence of the Cabinet of Ministers; the approval of a list of goods produced in the oblast whose export would be subject to licensing; registration of offices of foreign firms in the oblast; and monitoring of compliance by all participants in foreign economic activity with current Ukrainian legislation and the terms of international treaties.

In the budget and financing sphere: raising of monies for the oblast budget from the revenues of all taxes, fees, and other compulsory payments collected in the oblast (I should point out that during the oblast's experiment, a certain amount of contributions to the Ukrainian state budget would be set); and the establishment of tax breaks for economic entities in the oblast.

In the sphere of property and privatization: management of property owned by the state as a whole, and the development and implementation of a comprehensive program to privatize enterprises in keeping with legislation in force.

And finally, to have territorial executive branch agencies handle the licensing of entrepreneurial activity, in accordance with current legislation.

[Vorotnyuk] I remember that one deputy at the session that considered the concept had this rejoinder: Now we need only form a regional government, and we'll have a mini-republic for which Kiev will no longer be the ultimate authority. It was a clear allusion to neighboring Crimea, don't you think so?

[Bodelan] There is no analogy. Please understand that we are talking about an experiment prompted by the extremely difficult situation, an experiment that calls only for delegating certain powers to the region, and only economic powers. And if, for instance, the experiment fails or leads, as you hinted, to separatism, the region will immediately be stripped of these rights. Although I am convinced that there will not be any actual grounds for that.

[Vorotnyuk] All right, so a government is not a government; nevertheless, the oblast Soviet envisions the establishment of its own executive body. What, in that event, will be the role of the president's representative in the oblast and of the oblast state administration that he heads?

[Bodelan] Without question, the experiment requires fundamental changes in the structure of regional administration. The oblast Soviet would form a regional administration, and the Soviet chairman would head it. With regards to issues of economic management, he would be subordinate to the Ukrainian president. But the law "On Ukrainian Presidential Representatives" would be suspended in the oblast for the duration of the experiment. The newly established administration would be subject to the statute "On Local State Administration." However, this doesn't mean that there would be no place in the oblast for the president's representative. But let him carry out only overall state functions, monitoring compliance with legislative acts, dealing with defense matters, diplomatic representation, and so forth.

The local self-administrative body formed by the oblast Soviet would assume responsibility for all matters relating to the territory's economic development, its entire infrastructure, all consumer services, culture, social protection for the people, and so on. I am not talking about a division of power at the center, though this is probably necessary there all the same—both legislative and executive power. But look at the local level: Is the oblast Soviet really a purely legislative body? It is more of a representative body in that it represents the interests of all segments of the region's population in the government structure. Yes, we adopt decisions, but they are based on the laws adopted previously by the parliament. But most of our decisions, unfortunately, are not at all binding on the state administration. It turns out that the deputies, in making various promises to their voters and responding to their requests, are in effect unable to really do anything. Can this possibly be in the people's interests? Moreover, the oblast Soviet's decisions are not even binding on lower-level Soviets, which view them as recommendations. The legislative acts on local self-administration are purely fiction. Therefore, we are proposing the introduction of a clear-cut government structure: the oblast Soviet and its executive body, and city, rayon, settlement, and rural Soviets with their executive bodies.

[Vorotnyuk] We've already had that...

[Bodelan] Not exactly. To be more precise, not at all. For today we have a completely different legislative foundation and different approaches and reference points. Economic reforms can be successfully pursued only by fundamentally new government structures with people who do not cling to the old but who are blazing new trails. In view of this, our idea is not to simply have all administrations and departments of the current administration transferred en masse to the oblast Soviet's jurisdiction. No, they need to be thoroughly restructured

with a view to enhancing their influence on all spheres of the region's life. We have specific proposals on this score.

[Vorotnyuk] And one final thing, Ruslan Borisovich. Odessa, as we know, has been trying to become a free economic zone for several years now. You personally even headed the interim committee created by the government to draft a package of documents on such zones. Aren't you switching, so to speak, from one road to another? Isn't this inconsistent?

[Bodelan] Not, it is not. On the contrary, I see firm consistency in this. Because the creation of free economic zones is not a matter of one day or even one year. Moreover, such zones will not encompass the oblast's entire territory, but only local parts. The economic and legal experiment, by contrast, can be conducted relatively quickly. On the one hand, it will promote the creation of free economic zones, and on the other hand, it will make it possible to extricate not individual areas but the region as a whole from the grave situation. To the benefit, I want to stress once more, of our state as a whole.

#### Difficult Situation in Power Engineering Industry Viewed; Commentary by Minister Semenyuk

944K0296A Kiev DEMOKRATYCHNA UKRAYINA  
in Ukrainian 13 Oct 93 pp 1-2

[Article by Leonid Dayen: "Power Engineering: How To Avoid a Winter Paralysis; Kilowatts and Wasteful Expenditures"; plus Commentary by Vilen Semenyuk, Minister of Power Engineering and Electrification]

[Text]

#### 1. Wherever you turn, there's trouble

The unusually early September cold spells with their nighttime frosts comprised a stern warning: Weather is no joking matter. Letters came pouring into our editorial offices with complaints about batteries freezing in apartments and the mercury columns in thermometers remaining at 10-12 degrees C. Adults, and especially children, began to fall ill. Such were the initial, unhappy signs of the so-called autumn-winter period. But the most severe testing by frosts, snows, and blizzards lies ahead.

How can we survive the winter of 1993-1994? This question is disturbing to many persons—workers at enterprises, staffers at state housing and community-service organs, and the general population. You feel this alarm this with particular acuteness in conversations with power engineers, especially in the sectorial staffs and at the Ukrainian Ministry of Power Engineering and Electrification. Unfortunately, those persons who are charged with the task of providing electric current to plants, buildings, and farms—as well as heat and light to all of us—have no grounds for optimism.

And that is not because the people working in this sector have forgotten the saying: Prepare the sleigh in summer. On the contrary, they have done everything which depends on them. The power-engineering equipment at electric-power stations and the heating equipment in the power networks have been virtually all repaired and made ready for operations during the winter period. The mood in the collectives is businesslike and workmanlike.

But the trouble is that we have an acute fuel shortage. This is the Achilles' heel of the sector. Without coal, gas, and mazut power engineering is doomed to paralysis. It had to operate under extremely tight conditions already in September.

**Take an assured supply of gas, for example.** Gas deliveries have been cut back from 65 million cubic meters per day to 39 million. And if we bear in mind that last year the daily deliveries amounted to more than 80 million cubic meters, then it becomes clearly understood that the flow of this "blue fuel" to electric-power stations has been cut in half. How can we make up for this deficit? By using mazut? But it would be illusory to count on that.

**Here's the situation with regard to mazut.** Due to a lack of resources and difficulties in paying for the September plan of 250,000 tonnes, electric-power stations unloaded only 16,000 tonnes of mazut during the past month. That amounts to...6.4 percent of the normal total. I don't suppose that any sphere of activity could fail to be annoyed at such a miserly, low indicator.

**And, therefore, only coal remains.** It occupies the lion's share of weight within the structure of Ukrainian power engineering. The remainder falls to gas and mazut. It is understandable that, under the conditions of the curtailed availability of oil and gas to our state from abroad, the importance of coal has increased significantly. All the more so in that it is one of our own natural resources. But, unfortunately, acute problems have also arisen with Ukraine's "black gold." Calculations show that, in order to maintain electric-power consumption (at a level of 5 percent less than during the last winter period) at the present level of fuel deliveries, the electric-power stations would need to use 35.5 million tonnes of coal during the fourth quarter of 1993 and the first quarter of 1994. But we can obtain only 16 million tonnes from our mines. To be sure, some reserve supplies have been created. But they are considerably less than in previous years and have now dwindled down to slightly less than 5 million tonnes. Well now, let's add another 2.5 million tonnes imported to Ukraine from abroad. A simple arithmetical computation shows the following: Potential resources will attain a level of 23-24 million tonnes.

But what we need is 35.5 million tonnes.

The reader may be tired of this surfeit of figures, but we cannot avoid statistics here.

The bottom line is more than alarming—we are short by 12 million tonnes of coal.

## 2. The sectors need help

What could such an acute fuel shortage lead to?

The people at the Ministry of Power Engineering have made a calculation which cannot help but evoke the most serious concern.

**I was told the following by First Deputy Minister Oleksiy Sheberstov:** "Because of the substantial curtailment in the deliveries of gas and petroleum products, as well as the decline in the mining of our own coal, we will fall short in our production of electric power by 23-24 billion kilowatt-hours. This is equivalent to a 20-percent restriction on the delivery of electric power to all consumers."

[Dayen] But is it really possible, Oleksiy Mikolayevich, to cut back on the amount of gas equally to everyone? Such a leveling could cause social stress. Because it must certainly be understood that we cannot deprive kindergartens, schools, and hospitals of light and heat. Nor can we do so to just plain residential buildings. It is also clear that we cannot so restrict agriculture and transportation—not to mention the fuel-and-energy complex itself.

[Sheberstov] You are certainly right in what you say. The preponderance of such restrictions—up to 50 percent—would fall on metallurgical, chemical, and machine-building enterprises, as well as those engaged in light industry.

[Dayen] But that would be a contributing cause to the de facto stoppage of many, many plants, factories, and associations. And this—under the conditions of the present sharp decline in production and the destabilization of the economy, which is bad enough as it is—would mean a catastrophe. Can this really be allowed to happen?

[Sheberstov] It is for that very reason that Ukraine's power engineers have sent letters to Leonid Kravchuk, the president of Ukraine, and to Yukhim Zvyahiiiskiy, the acting prime minister, with requests that they employ specific measures to extricate us from this difficult state of affairs.

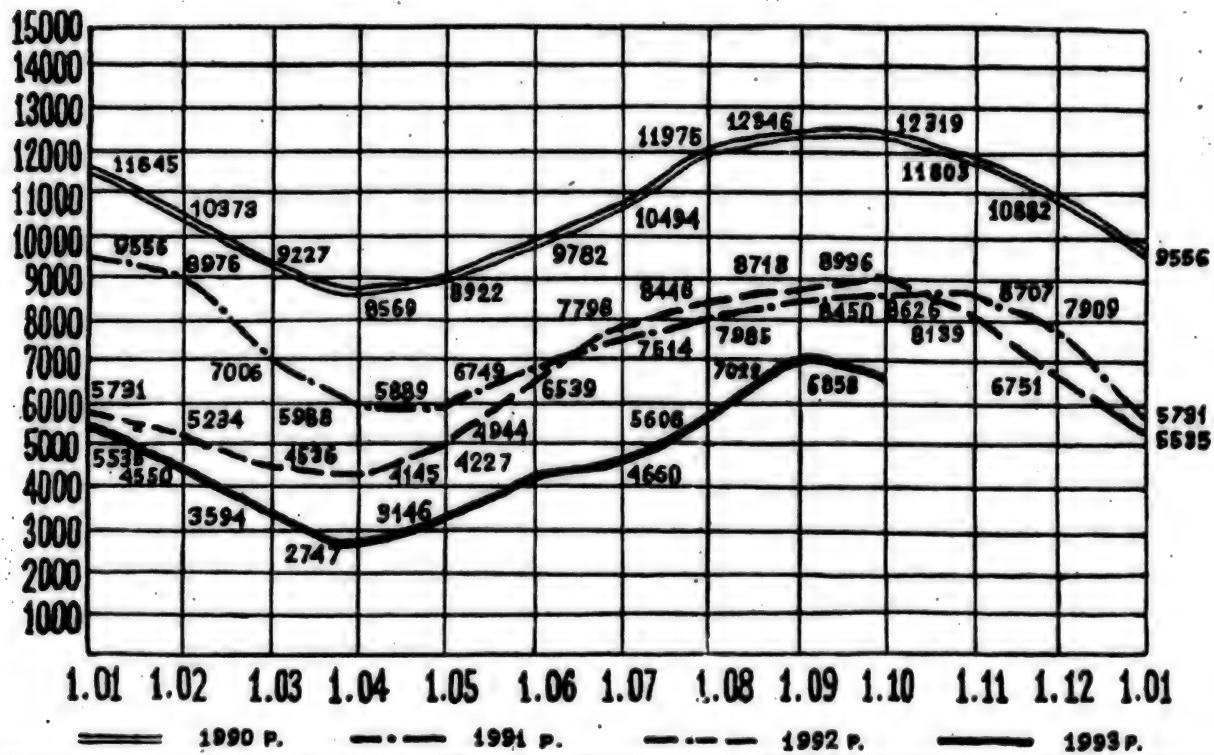
[Dayen] Just what are you proposing?

[Sheberstov] First and foremost, that the State Committee on Petroleum and Gas and the State Committee on the Coal Industry be assigned the task of improving the delivery of fuel to electric-power plants. It is understood that they must also be given the appropriate help. In particular, the miners must be supplied with timber for their props, etc. Furthermore, so that additional fuel may be obtained from outside Ukraine, the Ministry of Energy should permit the export of some electric power on a contractual basis, provided that answering fuel supplies should proceed to flow into our country.

[Dayen] But how will the public understand that? On the one hand, we do not have enough electricity for ourselves. And, on the other hand, we want to expand its export.

Graph showing stockpiles of coal supplies at Ukrainian electric-power stations during the years 1990-1993 (in thousands of tonnes)

Графік нагромадження на електростанціях України запасів вугілля в 1990—1993 роках (в тисячах тонн)



[Sheberstov] Here is where we need to provide a full explanation. Over the last few years we have sharply cut back on exports—by a factor of almost 15. Nowadays we are sending abroad only 1 percent of the power we produce. But it could be that such exports will become an additional source for obtaining fuel.

Furthermore, there is a proposal that industrial enterprises themselves should purchase some fuel, let's say, 30 percent for freely convertible currency or Russian rubles. Then they would have no restrictions on obtaining electric power. Neighboring Belarus has already started to proceed along such a path. Industrial enterprises there are already paying the Ministry of Energy for electric power consumed in freely convertible currency or rubles. And this enables them to purchase fuel without any obstacles or hindrances.

#### Who blames whom

It is an enchanted circle: Everybody blames everybody else. It has reached the following paradoxical situation. The miners say to the power engineers: Why should we have to load coal and ship it to you, when you owed us

almost 35 billion karbovantsy for coal as of the beginning of the year? And that is completely true. They did incur this debt. The power-engineering people owe it to the miners for coal.

But there is another side to this coin. The miners themselves owe a debt to the power engineers amounting to approximately 145 billion karbovantsy. That is four times the amount owed to them. And so who should blame whom?

The debts owed by the power-engineering people for coal, gas, and for acquiring spare parts have reached 354 billion. At the same time, however, the debts owed by the consumers of electric power to the power-engineering people have come to exceed 384 billion karbovantsy. So here's the arithmetic involved. The largest debtors—after the coal people—are the Ministry of Industry, the Ministry of the Machine Industry, and the Ministry of Transport. The difficult financial situation of electric-power associations and electric-power stations is compelling them to go to banks in order to obtain credits for the purpose of obtaining fuel as well as to carry out major construction work. But such credits have an interest rate of 200 percent! This will impose a further burden on the electric-power industry.

**Commentary by Vilen Semenyuk, Minister of Power Engineering and Electrification**

The situation which has evolved nowadays is extremely tense. We really need energetic, decisive measures to untangle the whole tight knot of financial and production problems. Certainly we cannot get by without support from the government. We are also placing our hopes on the initiative of the persons employed in this sector. Because, if we are to call things by their right names, it is a result of a guaranteed supply of fuel to the electric-power stations that the power consumers and the population of Ukraine are threatened with a power shortage during the autumn-winter period.

But this can simply not be allowed to happen. Because certainly what is at stake here are the fundamental interests of the people of our independent state.

Meanwhile, however, certain tendencies and facts cannot help but evoke the greatest astonishment. People frequently tell us that kilowatts have become far too expensive. And inasmuch as electric power becomes a constituent part of just about any product, then—they ask—are not the producers of electric power to blame for inflation? This has nothing in common with reality. Everything depends on the cost of energy sources—coal, mazut, gas. However, at this time there is neither a precise system nor logic in the sphere of price formation.

Take mazut, for example. According to the rates set by the Ministry of the Economy, we are supposed to purchase it at the price of 497,000 karbovantsy per tonne. But state enterprises—I emphasize—state enterprises themselves—such as the Lisichansk and Kremenchug oil refineries sell it to us at the price of 1.8-2 million karbovantsy per tonne. This is considerably higher than the level of world prices for this item. Moreover, even the commercial structures do not permit themselves such economic anarchy, but rather charge 1.2-1.2 million karbovantsy per tonne. I am convinced that state enterprises should exercise state discipline. The proper procedures should be instituted and followed here.

Any rise in the cost of fuel also brings about an increase in the cost of electric power. At the present time it costs 120-125 karbovantsy to produce 1 kilowatt-hour. Let me remind you that the urban population pays basically 30 karbovantsy per kilowatt-hour, whereas the rural populations pay 20. That is, they pay only 1/4 or 1/6 of what it actually costs to produce electric power. In order to somehow eliminate this disproportion, we must shift the entire burden onto the industrial enterprises. The rates on electricity and heat are artificially raised for them. To what extent is this rational, fair, and just?

As a result of such an imbalance, industry is cutting back on its expenditure of electric power. But the population—on the contrary—is increasing it. There is nothing surprising in this. Inasmuch as electricity is relatively cheap to use for everyday purposes in a residence, we notice genuine wastes here. Indeed, each of us has witnessed that electric lights and appliances are left on in

rooms which there are no people. Such things do not happen anywhere else in the world. In all civilized countries the cost of electricity in residences is even higher than in the commercial economy. Obviously it is high time that we institute rate schedules for the population and for agriculture which are at the actual costs levels as accepted in world practice.

Another acute socioeconomic problem involves power-engineering personnel and the payment of their wages and salaries. I must tell you that the pay rate in this sector constitutes only 1.3 percent of all expenditures. Previously the members of our profession ranked in second place as to pay, along with persons in certain other fields of specialization; but nowadays they rank sixth or seventh. And the work done by a power engineer is extremely intensive and responsible. Therefore, we have been losing staffers. Highly skilled workers are quitting this sector because they prefer to work in Russia, where the pay is several times higher. Unless we correct this deformed situation right away, this could lead to very serious losses. I would like to remind you that an engineer with a diploma takes 5-7 years to prepare, and a technical machinist takes 3-4 years to prepare.

We sense great complications because of the disruption of economic ties with certain regions of the CIS, from which we obtain fuel, as well as equipment and spare parts. It would be desirable for the National Bank to remove the prohibitions in our power-engineering enterprises on the acquisition of Russian rubles, or in institution for this purpose a quota on purchasing fuel abroad.

I would like to believe that all these problems will be solved in a positive manner, and that Ukraine will have light and heat.

**Energy Crisis Threatens Kharkov Area**

*944K0295A Kharkov SLOBODSKYY KRAY  
in Ukrainian 19 Oct 93 p 1*

[Article by A. Borodayeva: "The Specter of an Energy Crisis Is Materializing in the Kharkov Area"]

[Text] There are two news items: one good and one bad. The good news is that our oblast has produced a bountiful apple harvest. The bad news is that we are threatened by an energy crisis. There is an inner connection between these two seemingly contradictory items. It is not that, in order to spread the good news, it was sufficient to electric a representative council whose committee came to include economists and power engineers from the state administration, as well as from the public at large, representatives of industrial enterprises, farms from all rayons of this oblast, as rayon-level executives and service workers providing hydroelectric and thermal-electric power for the entire oblast. The inner logic between these two different categories is to be traced in the fact that, in our own economic activity, we do not yet know how to dispose of our abundant harvest or how to impose restrictions on the use of our energy resources.

The representatives of this oblast's power-engineering services—the Kharkivenergo, Kharkivteploenergo, Kharkivkomunprovod, and Kharkivgaz VO's [production associations]—have informed us that the necessary operations have been completed in preparation for the winter. In particular, 98 percent of Kharkov's heating systems are ready for operation, and major repairs are nearly complete on the Zmiivskiy DRES [State Regional Electric Power Station]. It is problematical, however, as to whether these sources will produce heat at their full capacity inasmuch as the amount of fuel which has been purchased—coal, mazut, and gas—is so inadequate that the energy experts will not guarantee that the appropriate heating schedules can be maintained during severe cold spells at this oblast's enterprises and institutions. They have also issued the following warning: During peak-load hours power may be unavoidably shut off not only at large industrial enterprises, but also at farmsteads and other agricultural and processing complexes.

The principal cause of the crisis-type situation with regard to energy sources is not so much the lack of them, but rather the insolvency of the large-scale energy consumers. The indebtedness of our oblast's industries to the energy producers exceeds 10 billion karbovantsy. Our portion of Ukraine's foreign debt to Russia and Turkmenia for gas has mounted up to an astronomical sum. And, finally, it is precisely these same huge debts owed by industries which have prevented them from making timely purchases of the required amount of energy sources. Among those plants which have "coupled," or—to put it more precisely—are functioning on foreign accounts—are the Plant imeni Malyshev, the Kup'yanskyy Casting-and-Founding Plant, and the Lozivskyy Forging-and-Machine Plant. Under such conditions, moreover, it would be unjust to impose the same unsatisfactory conditions on the debtors as on other enterprises and institutions—particularly on those educational, social, and residential institutions which provide an average, "normative" temperature for healthy and sick persons alike. We need to adopt a differentiated approach to energy consumption—even to the point of shutting off the supply of heat and gas to those enterprises which do not pay their bills in a timely manner. We now have the following paradoxical situation: Amid an overall decline in the volume of production in virtually all the branches of our oblast's industry, there has not occurred an analogous reduction in energy consumption which would be adequate to the above-mentioned decline.

Prior to the harvesting of the abundant crop of apples, which—due to the state's fuel shortage—cannot be hauled to the markets, the suppliers took refuge in proposing that matters be handled on a barter-type basis and by the self-help efforts of this oblast's population and industrial employees. Above all, we must impose restrictions on the amount of energy sources to be apportioned and distributed so—just as in the case of the apples—there will be enough for all. This can only be done provided that we organize a maximum system of

economies in industry, a detailed revision of the basic loading of the equipment involved, as well as a thrifty utilization of heat, light, and gas by the population. This course of action can be the only genuine alternative in order to make sure that the oblast's strategically vital facilities, such as bakeries, can operate around the clock.

#### **Results of Ukraine-Turkmen Negotiations for Gas Reported**

*944K0331A Kiev URYADOVYY KURYER  
in Ukrainian 4 Nov 93 pp 1,2*

[Article by Myckhaylo Soroka, from Kiev and Ashkhabad: "Turkmen Gas Will Flow to Ukraine"]

[Text] This was the main result of the visit by the Ukrainian working delegation headed by Yukhym Zvyagilskyy, acting prime minister of Ukraine.

However, a correction is in order: in Ashkhabad, an agreement was reached on interrupted delivery of natural gas until the end of this year; as to next year, the two sides still intend to conduct consultations and negotiations, and all signs indicate that they will be lengthy and difficult. This was shown by the first exchange of price proposals, which resulted in a sharp confrontation.

Due to the confidential nature of my information, I cannot name the price which Ukraine offered for Turkmen gas in 1994, or which Turkmenistan asked for it. All I can say is that the difference between the two figures is considerable. The Ukrainian delegation insisted on its prices, providing weighty arguments and citing an entire volume of relevant calculations. (Prior to leaving for Ashkhabad, great analytical preparations had been carried out, involving dozens of institutes, enterprises and organizations.) One of our arguments was: the price asked by Turkmen officials makes the output produced at gas-using Ukrainian enterprises unprofitable, and it makes more sense either not to produce or to seek other sources of energy. The response of the Turkmen delegation was: "At the price that you offer it is better for us not to produce gas but to leave it in the ground."

In short, the trial run showed that to come to mutually acceptable price calculations for next year the two sides will have to go through a long and difficult round of face-to-face meetings. There is no reason to doubt that in the end a compromise will be found. The Turkmen gas has closely tied the economies of the two countries. Ukraine buys from Turkmenistan just under 30 billion cubic meters of the blue fuel, which is around one third of our annual needs. But Turkmenistan must also keep in mind that Ukraine buys 35 percent of its gas output. In addition, a large quantity of Turkmen gas is also sold to Transcaucasus states, but the situation there is far from stable. It is true, during the negotiations the Turkmen delegation indicated that they have had other attractive offers and that apparently there is no lack of customers for Turkmen gas. To this, Yu.L.Zvyagilskyy replied that

we have not been idle, either, and that we have been looking for vendors and energy sources that would be most attractive to Ukraine.

But I repeat that in the discussion on the supply of Turkmen gas for next year each delegation only named its price and stated its first arguments. It was agreed that by 15 November both sides will closely study each other's position and meet to continue negotiations.

The main part of the inter-government meeting was devoted to discussing the current state of commerce between Ukraine and Turkmenistan and, above all, their bilateral accounts. To let you to understand the general character of the negotiations taking place in the hall of the building where the Turkmen parliament and Cabinet of Ministers meet, I want to list only a few details and facts. Let us start by saying that the meetings lasted almost seven hours practically without a break, since if Yu.L.Zvyagilsky and the head of the Turkmen delegation, Deputy Head of State V.G.Otchertsov, left the table, they continued the discussion in the corridor. The same is true of the heads of ministries and agencies who were invited to the negotiations. Many packs of cigarettes were smoked, and many cups of coffee and local green tea were drunk. From time to time, when negotiations came to an impasse, each side, having agreed to a short time-out, gathered in a tight circle right there, by the negotiating table, and conducted a collective council, upon which the discussion resumed. Sometimes it went beyond the limit of good temper, and some participants raised their voices, testing their vocal cords. (Although the leaders of the two delegations did not stoop to such methods and instead worked to cool passions.) "These were relatively calm negotiations," I was told by Deputy Director of the State Committee on Resources Anatoliy Volkovskyy. "If you only saw and heard the noise in the hall during the inter-government meeting in March..."

Well, members of state delegations are not free of emotions. Especially since there are always plenty of reasons for such emotional outbursts at meetings such as the one in Ashkhabad, where the cost of decisions is very high. They concern the economies of both countries in general and the interests of every individual, too, since without the blue fuel we cannot exist, and this is felt even more acutely at the approach of winter.

What were the reasons for the lengthy emotional arguments during the meeting in the Turkmen capital? What did the two sides arrive to it with? Let us admit that the predicament of our delegation was very difficult: it had to ensure that the deliveries of gas from Turkmenistan would not be interrupted until the end of the year and to convince the Turkmen delegation that the debts for energy would be repaid imminently.

The discussion on debts began with an ultimatum by the head of concern Turkmengaz, Kh.O.Orasmamedov: "If you do not pay before November, we will stop providing gas." It should be said that the Ukrainian delegation had to listen to similar statements several times in the course

of the day. But it should also be admitted that Turkmen leaders, especially V.G.Otchertsov, were also prepared to accept a reasonable compromise. Especially since, in my opinion, the Ukrainian delegation came to Ashkhabad well-prepared and brought various proposals to continue the dialogue, depending on the way the situation would develop during the negotiations.

In other words, the tactics of gradual compromise won the day and after seven hours of negotiations a five-point resolution was drafted on the implementation of the inter-government agreement on trade and economic cooperation and accounts settlement between Ukraine and Turkmenistan based on the results of the first nine months of 1993. It stated that at 20 October Ukraine received 20.8 billion cubic meters of Turkmen gas. Our debt would be repaid during November and December of this year with the sale to Turkmenistan of material and technical resources on a clearing basis, in accordance with agreements signed earlier, and with additional supplies of specified agricultural products which would be sold at world market prices. The resolution included an assignment to Director of the Ukraine State Committee for Oil and Gas M.P.Kovalko and Director of concern Turkmengaz Kh.O.Orasmamedov to resolve on 2 November in Moscow the issue of payments for the transit of natural gas to Ukraine and for export with shareholding association Gazprom. The resolution also declared that before 15 November the two sides would review and present proposals on the terms for providing Turkmen gas to Ukraine in 1994.

On that day in Ashkhabad one other document was signed: the inter-government agreement on monetary and accounting relations and mutual obligations in relation to the introduction of a national currency in Turkmenistan.

Starting 1 November, Turkmenistan will introduce the manat as the only legal tender in the country. The national currency, as President of the Central Bank of Turkmenistan Kh.Orasov told me, was printed in Great Britain. The exchange rate is two manats per US dollar. Will it hold? Will the manat survive inflationary storms? None of those to whom I put these questions in Ashkhabad, including the head of the central bank, gave me a direct answer, but generally they expressed optimism. It derives, above all, from the great deposits of energy resources, for in addition to natural gas, God (or Allah) gave that Central Asian country with its merely 4 million inhabitants infertile soil (70 percent of its territory is desert and sand), but compensated it with rich underground resources. The leadership of Turkmenistan is betting on them, especially Head of State Saparmurat Turkmenbashi, whose portraits we encountered at every step. Much of this program has already been achieved. In Turkmenistan, unlike some other republics of the former Union, the political and social situation is stable; nor are there any interethnic conflicts. True, visiting the central market in Ashkhabad I was struck by the high prices. But as my conversations with shoppers revealed, they are, first of all, caused by the monetary reform, since everybody

wants to get rid of Russian rubles, and, second, staple food is rationed in Turkmenistan, at moderate prices. The price of bread is nominal—five rubles without coupons. Water and gas are supplied to residential customers free of charge, as is, in practice, electricity, as well. Nevertheless, despite these subsidies, life remains hard for most people except pensioners. But in general, I repeat, people I talked with looked to the future with optimism.

Right after the end of the negotiations, as well as during the flight to Kiev, we had an opportunity to question Yu.L.Zvyagilskyy in detail about his impressions from the Ashkhabad meeting and his views on the agreements that had been reached. He said that nobody objects to Turkmenistan developing successfully using its natural resources. But Ukraine, too, while negotiating with it, defends its own interests and will not yield on them. We need the Turkmen gas, and we also need to sell our goods in Turkmenistan, since they can not yet compete at Western markets and, moreover, they do not have easy access to them, either. This is why we should develop trade with Turkmenistan, especially since it gladly buys our metal, machinery, chemicals and agricultural products. Our delegation included leaders of some enterprises and organizations which want to set up joint ventures with their Turkmen colleagues and pay for gas without the help of the state. These included enterprises in metallurgy and the chemical industry, who are, as is well-known, the biggest users of natural gas. When negotiating the price for Turkmen gas, noted Yu.L.Zvyagilskyy, much will depend on our agreements with Russian gas suppliers. Negotiations with them have already begun. In addition, we must thoroughly analyze our own potential to produce gas. Exploration shows that we have some promising possibilities there.

**In the past, none of us thought much where the blue fuel comes from to our enterprises and appartements. Now the situation has changed and everyone needs to know about the state of relations and the situation in the dialogue with countries who provide energy resources to Ukraine. Turkmenistan is one of those countries. Even though the dialogue with it has been difficult (the market is always difficult), it nevertheless goes forward, despite everything. Last Friday, we did all we could to achieve this.**

#### Agriculture Minister on Presidential Edict Securing Agricultural Products

944K0330A Kiev URYADOVYY KURYER  
in Ukrainian 28 Oct 93 p 2

[Interview with Agriculture and Food Minister Yuriy Karasyk, by Oksana Golovko: "Agriculture: System Determines Competition"]

[Text] Agriculture, one of the few sectors that were profitable this year against the backdrop of the general economic crisis and output declines in the country, has become a common subject for discussion. This is despite rapid money supply growth triggered by excessive credits

to the industry and problems with harvesting sunflowers, vegetables, potatoes and apples. To preserve the harvest and to manage it rationally, the president of Ukraine issued an edict "On Securing State Food and Animal Feeds Supplies." How to implement the presidential decree is being decided at the ministries of agriculture and food, the economy and finance, the State Committee on Tariffs and the National Bank of Ukraine. Our correspondent Oksana Golovko asked Agriculture and Food Minister Yuriy Karasyk to comment on the most important points in the document that is being prepared and to answer other questions.

[Golovko] Yuriy Mykhaylovych, as we know the system of implementation of the presidential edict proposes a fundamentally new role for the producer in the production and sale of his output. Please explain the substance of this approach in greater detail.

[Karasyk] The goal of this edict in the existing conditions is to build up state resources of food and animal feeds. The conditions are as follows: the producer brings raw materials to purchasing and processing enterprises, but they have no funds to pay for them. This is why the rights of the producers should be broadened. Now he will have the right to store his output away or to engage in border trade, especially for fuel and oils, or else sell the output for storage to the state or process it and sell it to the state as a finished product. Thus, partnership will be established between the producer and state purchasing and processing enterprises. This will prevent the situation whereby processing enterprises are empty and purchasing warehouses also half-empty, whereas the producer has sugar beets, sunflowers and corn in the field or at the farm. This edict will make the market structure of the agricultural complex more flexible.

[Golovko] Much is being said about loans to the agricultural industry complex. As is well-known, in 1993 commercial banks have given loans to purchasing entities and food processing enterprises to purchase agricultural products and raw materials. Is partnership with commercial banks getting closer?

[Karasyk] Yes. Point seven of the presidential edict raises two issues that need to be resolved. First, all funds earned from the sale of finished output—corn, meat and milk—must be reinvested in purchasing and state processing enterprises and used only for the production of agricultural raw materials. Agreements are being negotiated between purchasing enterprises and commercial banks to reinvest those funds. Benefits here will be twofold. First, those who have the goods will want to sell more to consumers to earn more funds and to channel them to the production of output. And, bank loans will be repaid centrally. The most important thing is that we will, in general, purchase more output. Credits from commercial banks which are due to be repaid in the fourth quarter of 1993 will be entirely earmarked for new credits to agricultural enterprises, to enable them to buy

agricultural products, raw materials and material resources and to cover expenses associated with future harvests.

[Golovko] But most of what the countryside produces is seasonal.

[Karasyk] It is true. As to credits for the purchase of grain, sugar beets, sunflowers and other output that is used from harvest to harvest, the issue of repayment is now solved differently. Instead of falling due on 25 December, as before, they will now be rescheduled to cover the period of sale of output, to no later than 1 September 1994, at 243 percent per annum. Of this, three percentage points are covered by the cost of output, whereas the other 240 are covered by the income of the National Bank of Ukraine, as per agreement with the Ministry of Finance. Thus, the term of the loan is spread out, so that the output may become cheaper for the consumer.

[Golovko] Mr. Minister, it is time to state what Ukraine has today. How big a harvest has been gathered? What is the condition of the fields?

[Karasyk] Let us say that today the fields are no worse than they were at the same point 10, 5 or 2 years ago. A good harvest has been grown. Only then credits were adequate and there was plenty of fuel and oil, whereas this year there are many problems. However, depending on weather conditions, we plan to finish the harvesting of sugar beets by 1 November. It is upsetting to say so, but we have slightly missed the best time for harvesting sunflowers and a considerable portion of seeds has been lost. In southern oblasts, a considerable quantity of grain had been planted into dry soil. There were few rains. Now we must make every effort to plant winter crops, to make sure that we have grain next year.

I also want to announce that the decline of output in the livestock industry has been largely halted. It is true, the increase in milk production has been only 500 grams compared to the same period of last year, but this is also telling, since animal feeds have started to appear. Milk is the gauge of the livestock industry, especially during the period of preparation for winter.

#### **Latest Cabinet of Ministers Appointments Reported**

944K0330B Kiev URYADOVYY KURYER  
in Ukrainian 28 Oct 93 p 2

[List of appointments]

[Text] The Cabinet of Ministers appointed Bogdan, Anatoliy Volodymyrovych, deputy director of the Chief State Tax Inspection of Ukraine and chief of the Foreign Currency Inspection.

The Cabinet of Ministers appointed Mnykh, Mykola Volodymyrovych, first deputy director of the Committee

of Insurance Supervision, and Lutak, Mykola Dmytryvych, deputy director of the Committee of Insurance Supervision.

The Cabinet of Ministers appointed Onopriyeko, Volodymyr Vasylyovych, deputy director of the Committee of Insurance Supervision.

#### **INTERNATIONAL AFFAIRS**

##### **Deputies Comment on START I Ratification**

944K0333A Kiev GOLOS UKRAINY in Russian  
23 Nov 93 p 3

[Article by Valentin Labunskiy: "START I: Ratification With Reservations"]

[Text] Last Friday the Supreme Council of Ukraine Press Center organized a representative news conference for Ukrainian and foreign journalists. V. Durdynets, first deputy chairman of the Supreme Council; V. Lemish, chairman of the Supreme Council Standing Commission for Defense and State Security; D. Pavlychko, chairman of the Standing Commission for Foreign Affairs; Vice Premier V. Shmarov; A. Zlenko, foreign minister of Ukraine; and Defense Minister V. Radetsky took part. The main topic of the meeting with journalists was the Supreme Council's ratification of the START I Treaty Limiting and Reducing Strategic Offensive Arms and the Lisbon Protocol thereto.

Opening remarks at the news conference were delivered by V. Durdynets. He observed that Ukraine had taken this step on the basis of the noble intent of becoming in the future a nuclear-free state. But in accommodating the world community our state does not want its national security to suffer either. It was for this reason that in having ratified the START I Treaty, the Supreme Council of Ukraine demanded of the members of the nuclear club (primarily Russia and the United States) guarantees of its national security, namely, undertakings not to use against our country nuclear weapons or conventional arms with the purpose of aggression and territorial encroachment and also not to use levers of economic pressure against Ukraine. The official-reception promises of B. Clinton and/or B. Yeltsin cannot serve as such guarantees. There is an evolved practice of international agreements and treaties, which are in fact the legal documents guaranteeing security. The most acceptable today could be a tripartite (Ukraine, Russia, United States) agreement on mutual security guarantees.

The Supreme Council ratified START I, rejecting the president's version of a solution. L. Kravchuk insisted on the ratification decree not containing specific figures on delivery systems and warheads. But parliament approved by 254 votes the decree proposed by the Defense and State Security Commission, according to which Ukraine undertakes to reduce 36 percent of the delivery systems and 42 percent of the warheads.

Colonel General V. Radetskyy, minister of defense of Ukraine, specified that the "delivery system" concept included not only ICBM's. This could signify long-range bomber aviation also. What precisely will be scrapped will be decided by Ukraine.

The news conference discussed mostly the financial aspect of the denuclearization problem. V. Durdynets, V. Shmarov, and A. Zlenko emphasized that the Supreme Council decree does not determine any specific sums. But, understandably, Ukraine could not perform the entire volume of operations in accordance with the requirements of START I independently. After all, \$1.6-1.7 billion is needed for this, according to preliminary calculations. And almost \$4 billion are needed for completely destroying the nuclear weapons deployed on Ukrainian soil. Since the elimination of the 176 ICBM's larding Ukrainian land are a problem of the security of the entire world community, it is necessary, most likely, to create an international fund for the denuclearization of Ukraine, V. Durdynets emphasized. For the \$175 million officially promised by Washington will not resolve the problem either.

The politicians and military specialists who hope that, following the ratification of START I, dollars will immediately flow into Ukraine from all over are harboring illusions. While in NATO Headquarters in Brussels, I personally saw for myself that the pragmatic West has a very hard-line view of Ukraine. Talking with leading military analysts of NATO, I came to the conclusion that the hopes of the West's assistance in the business of our denuclearization are just another bluff. This assistance is even flimsier than the support for our economic reforms. The self-assured NATO people do not tire of repeating that Ukraine is required to eliminate the nuclear weapons since it is not a nuclear state, and how it does this is its problem. So it should be recognized that we will be respected and we will be reckoned with if we also can be both pragmatic and self-assured and have a sense of our dignity. It was not our people who wanted their land to become a launch pad for hundreds of ICBM's and Backfires. If the world really wants to rid itself of the "nuclear death" on our land and for life on the planet to become more secure, Ukraine needs to be helped.

A fundamental problem also is compensation for the enriched uranium and weapons-grade plutonium which are components of the ICBM's and aerial bombs. We have not yet been paid 1 kopek for the tactical nuclear weapons taken to Russia. Analysts believe that it is futile hoping to ever receive compensation for the operational-tactical nuclear missiles. They have forever, most likely, become the property of Russia. Although A. Zlenko said at the news conference that in the course of the recent meeting with his Russian colleague A. Kozyrev this matter had been raised and that the head of Russia's diplomatic department had given the assurance that we would return to this matter also in due course.

The technical aspect was of interest to the journalists also. Where will the ICBM's and the bomber aviation be

disassembled and how much time will be needed for this? V. Shmarov reported that these "items" could only be scrapped where they were manufactured, that is, at Russia's defense plants. Consequently, there is the perfectly realistic danger that if the nuclear weapons are handed over prior to compensation having been received, the same as happened with the operational-tactical arms will happen with the strategic offensive arms also: Russia will first get the "mountings" and will promise to hand over the money later. Ukraine, as the owner of the strategic offensive arms, should insist on the opposite version. As far as the timeframe is concerned, the vice premier reported that the 36 percent of the delivery systems and 42 percent of the warheads would be destroyed within seven years.

Questions of adjustment and maintenance operations in the missile silos were raised at the news conference also. As we all know, there is an interstate agreement between Ukraine and Russia, according to which the ICBM's will be serviced together with Ukrainian specialists and specialists from Russia. This agreement has been observed thus far, and there is no cause for concern for the safety of the nuclear missiles. Operational control of them is in Russia's hands also. Ukraine exercises only administrative control of the missile troops. In order to create our own autonomous command and control system we would have to spend hundreds of billions of dollars.

So, the results. Having ratified START I, Ukraine demonstrated good will and a desire to fully rid itself in the future of the "nuclear death" on its land. But made wise by bitter experience (the withdrawal of the operational-tactical nuclear weapons for "nothing," the northern neighbor's territorial claims), our state won't dependable guarantees of its security and compensation for the missiles that have already been taken to Russia and for the ICBM's and aircraft that will be removed. We do not want anyone else's but will not give up our own, as they say. There is no impertinence in such a position. All states have availed themselves of this piece of wisdom. In all times and on all continents.

#### Plyushch Evaluates Christopher Visit

944K0211A Kiev PRAVDA UKRAINY in Russian  
5 Nov 93 pp 1-2

[Interview with Ivan Plyushch, chairman of the Supreme Council of Ukraine, by PRAVDA UKRAINY observer Aleksandr Sokol; place and date not given; "Thinking About the Fate of Ukraine"]

[Text]

[Sokol] Ivan Stepanovich! The Ukrainian-American negotiating process has become more active lately. Judging from the statements of the two sides, a turning point has been reached in relations between Ukraine and the United States. The U.S. secretary of state during his recent visit to Kiev said that America is ready to allow relations with Ukraine to go beyond the "nuclear"

subject and to place economic questions at the center of attention. What would you say about that?

[Plyushch] I cannot deny what you said, the more so when referring to Warren Christopher—a fairly well-informed individual whose job it is to work on Ukrainian-American cooperation. But here is what I have to say about this.

For a long time the United States took a wait-and-see attitude toward Ukraine. In economic cooperation with the CIS countries we were always somewhere near the bottom of the list. Therefore the intentions of the U.S. Administration to arrange larger-scale relations with us, especially economic ones, can only be welcomed.

This positive change was confirmed also during the course of the visit of the U.S. secretary of state to Kiev. Summing it up, Warren Christopher focused on the following at a news conference: The United States is changing the essence and the scope of our interstate relations. Special significance has been attached on economic cooperation.

This statement was backed up by the signing of an agreement for the creation of a commission for working out preferential trading conditions between Ukraine and the United States.

[Sokol] And how do you feel about the fact that Warren Christopher every now and then emphasized: If Ukraine does such and such, if it acts in such and such a way, then the United States is prepared to.... Then he would go on to speak about steps the American side might take.

[Plyushch] It looks like an ultimatum, like lecturing. Or perhaps it is a manner of speaking? Incidentally, our young state frequently imposes conditions. Most frequently they pertain to reforming the economy.

They reproach Ukraine: The reforms are proceeding slowly in your country. And certain opponents say that they are not proceeding at all. Then they mention Russia: There, they say, things are advancing well.

I shall not undertake to evaluate the reforms in Russia. I will say merely that if the reforms were indeed going well, there would be no social tension there.

But the most important thing for us is to conduct the reforms and privatization in such a direction as to create equal starting opportunities for everyone to accumulate initial capital. The price at which all this is being done is also of considerable importance. Unfortunately, Ukraine was initially limited in its actions. Russia had a gold reserve, Russia had foreign currency accounts, albeit meager ones, it had its own energy sources, and so forth and so on. Ukraine did not have all this. Ukraine needed credit in order to conduct the reforms smoothly and less painfully. But no credit was forthcoming and there still is none. All we get are promises.

Another fact. Those sorry excuses for economists and financial experts cry that we are unjustifiably throwing

credit at our failing and bankrupt agricultural production. That is wrong! The peasants and God are creating—under today's conditions—a stabilizing reserve for our economy.

[Sokol] Nonetheless the economic reforms in our country are not going as we would like them to. And you yourself have spoken of this repeatedly... Essential improvement is needed....

[Plyushch] Yes, improvement is needed. But what kind?

Just before we began our discussion I was meeting with some Greek businessmen. They suggest leasing from us the gasoline pumps on the route from Kiev to Odessa. There are approximately 100 of them. These are the conditions: The lessees would ship their fuel to us and sell it for karbovantsy. With the money they earn they would modernize and upgrade the refueling stations. And, of course, they would receive income and pay taxes to our treasury.

Now an opposing example. Ukraine is suffering from a shortage of medications. Everyone knows about this. They are starting to produce insulin at the Kiev meat combine. The preparation is extremely necessary and the future production will remove a crucial problem. But we need \$25 million. And our foreign partners are in no hurry to grant us credit on a mutually advantageous basis. They are sending us humanitarian aid and making us, even compelling us—indirectly, of course—to buy medications, that is, to subsidize, to rescue the developed foreign sector.

The economic reforms must be conducted as quickly as possible but on a healthy basis. Including on the basis of joint productions and technical retooling. And, of course, we need foreign credit—based on mutual advantage and equal rights. Credit, incidentally, is used by developed states as well. It is extremely necessary to Ukraine, which is just acquiring its statehood. But sometimes conditions are imposed on us. One—destroy your nuclear weapons. (Our national security and capabilities are not taken into account.) Two—recognize the land as a commodity. And sell everything the state owns. And who are we supposed to sell it to? Our people's financial capabilities are quite modest. If they are speaking about foreign participation, this does not presuppose that they will buy our real estate. The diversity of this process is such that it is possible to choose something acceptable. Based on partnership, naturally.

[Sokol] If you have no objection, let us just return to the negotiations conducted in Kiev with the U.S. secretary of state.

[Plyushch] Fine.

[Sokol] When speaking to the journalists, Warren Christopher emphasized: The president of Ukraine and the leader of parliament assure me that they will fulfill their commitments related to nuclear disarmament and Ukraine's signing the Agreement on Nonproliferation of

Lethal Weapons. But it seems to me that the secretary of state left out an extremely important aspect of this problem—the conditions under which Ukraine can proceed toward a nonnuclear status. What was your impression regarding this aspect?

[Plyushch] Your observation was correct. I have already spoken about this in an interview on Ukrainian television and I will say it again for the readers of PRAVDA UKRAINIANA.

There is no question that we should ratify SALT 1. I am certain that this document will be ratified. But under the condition that Ukraine receives compensation for the fuel contained in the nuclear warheads. As you know, we shipped the tactical weapons to Russia earlier. But we have received no compensation.

The destruction of nuclear weapons entails technical difficulties and requires immense financial expenditures. Under the conditions of the crisis Ukraine is not capable of doing this work by itself. International efforts are required. But so far all they are doing is talking about this. The much-touted \$175 million was promised as a guarantee for shipment of our tactical nuclear weapons. But Ukraine does not have it yet.

It is necessary to develop mechanisms for such crucial actions. Ones that are clearcut and extremely concrete.

[Sokol] The U.S. secretary of state, when speaking about nuclear disarmament of Ukraine and its signing the Treaty on Nonproliferation of Nuclear Weapons, considered this problem as one issue. The Ukrainian side divides it into two parts...

[Plyushch] Yes, they are different issues. As for Ukraine's signing the Treaty on Nonproliferation of Nuclear Weapons, we can ratify this document once guarantees of our national security are worked out. Cooperation with NATO as a partner, which is being proposed, will have to be studied. This form of cooperation, for example, does not presuppose membership.

And since it is not involved—the question of obligations is not being considered either...

The question of collective security could be resolved during the course of negotiations among Ukraine, Russia, and the United States, or even better—with the participation of Belarus and Kazakhstan.

I also want to mention this: The Supreme Council could ratify the document we are speaking about even now, but with a separate opinion presented in a separate protocol. This opinion could be as follows: Warheads of the 46 solid-propellant missiles will be taken out of the hands of the military and even stored—in safe places; they will be salvaged after the problems of collective security are resolved. Other versions are also possible. The military have them.

Ukraine's course toward nonnuclear status remains unchanged. But in proceeding toward it we must think about our national security. Today's situations and events remind us of this.

[Soko] Which Supreme Council will ratify SALT 1—the one that is in session now or the one that will be elected next March?

[Plyushch] It will be done by the current Supreme Council and in the near future. It could also ratify the Lisbon Protocol—but with reservations, with a protocol with a separate opinion. I have already spoken of this.

The process of nuclear disarmament must proceed dynamically. Delays here are undesirable.

[Sokol] How do you regard Warren Christopher's visit to Kiev?

[Plyushch] It is difficult to evaluate the actions of a diplomat. The Ukrainian-American negotiations in Kiev were distinguished by their constructiveness and understanding, and they were not dominated 100 percent by the nuclear problem as they were before. And this is the very path that will lead to mutually advantageous cooperation and true partnership.

**BELARUS****Minister Views Taxation Policy**

*944K0208.1 Minsk SOVETSKAYA BELORUSSIYA  
in Russian 27 Oct 93 p 2*

[Article by Vasiliy Nekrashevich, deputy minister of finance and chief director of State Tax Inspectorate: "Tax Legislation—A Unified Economic Mechanism"]

**[Text] The improvement of tax policy and the denationalization and privatization of state property—these issues have been widely debated in our society. They were the topic of a republic seminar-conference a few days ago in Baranovichi. We are printing excerpts from the main reports presented at the seminar. Perhaps they will give the readers food for thought and elicit discussion on the pages of our newspaper.**

This is only the second year the tax system has been in effect in the Republic of Belarus. In that time it has been the target of considerable criticism—some justified, and some not. It is true that we do not have the lightest of tax burdens, but let us look at the figures. In the first half of 1993 enterprises sold products worth 4,258,000,000 rubles, an increase of 978 percent over the figure for the same period last year. Total profits amounted to 745.2 billion rubles, and 510.2 billion, or 68 percent of the total, remained at the disposal of the enterprises. Taxes and tax-related fees in the amount of 820 billion rubles were added to the state budget and the retail price control fund.

In 1992 total republic proceeds from the sale of goods (and work or services) were 1,746,000,000 rubles, and 287 billion, or 16 percent, ended up in the state budget. In other words, the taxes on each product ruble amounted to 16 kopecks. In 1990 the budget absorbed 19 percent of enterprise receipts, and in 1991 it collected 17 percent of these proceeds. This year, however, the tax system has deposited 19.3 percent of the proceeds from the sale of products in the state budget and the retail price control fund. The reason is that additional contributions to the price control fund were instituted for the gradual transition to market prices (bread and dairy product subsidies).

The colossal cost of eliminating the after-effects of the accident at the Chernobyl plant must also be considered. These expenditures represent more than 10 percent of the 1993 budget. Neither Russia nor Ukraine is contributing such high proportional expenditures to this cause.

Besides this, tax legislation includes a broad range of incentives for production development, small business, environmental protection, and so forth.

When we discuss the taxes making up state revenue, we should not ignore the whole system of compulsory payments established by law—contributions to extrabudgetary funds. These are the social insurance fund, the social security fund, highway funds, the employment

fund, sectorial investment funds, the retail price control fund, and others. The decisions of local soviets of people's deputies obligate enterprises to make contributions to the extrabudgetary funds of the local soviets, which are equivalent in some cases to 10 percent of budget revenue. The deductions for all of these funds are also a heavy burden for the taxpayers.

The creation of these funds was a necessary measure—and, in our opinion, a temporary one. The main objective here is to find the optimal size of contributions and arrange for the truly competent oversight of the use of these funds, so that they will be spent effectively and produce maximum results.

To this end, the Supreme Soviet of Belarus passed a decree on 25 June to regulate the use of local taxes and fees in the republic and to limit the total to 5 percent of the profits remaining at the disposal of economic entities. Decisions also have to be made on reasonable reductions in contributions to the social insurance and social security funds, highway funds, and others. The appropriate agencies are working on this now.

The taxes that are being collected now make up the income portion of the budget, and the ability of the state to fund public health, public education, the army, and science and to offer social support to the disabled, pensioners, and other low-income segments of the population, consequently depends on the amount of tax collected. If the pressure of taxes is alleviated without taking compensatory measures, budget income will be reduced and will require a corresponding reduction in expenditures. An economic analysis of the republic's financial status indicates that this is not the time to reduce the total tax burden simply by slashing budget expenditures.

There is only one solution. Tax legislation has to be viewed as a unified economic mechanism, in which all elements are closely interrelated. This would preclude the separate consideration of any one budget item. This is the only way to make the necessary adjustments without risking devastating effects on the budget and the economy as a whole.

The draft law "On Amendments and Additions to Legislative Enactments of the Republic of Belarus on the Collection of Taxes" was drafted by the Ministry of Finance at the request of the Supreme Soviet and the Council of Ministers and is based on an analysis of the suggestions of enterprises, establishments, associations, and international and public organizations and experience in the enforcement of tax laws. The ministry is now revising the document in conjunction with the Federation of Trade Unions and the Belarusian Confederation of Industrialists and Entrepreneurs with a view to the agreements with the Russian Federation on the coordination of tax legislation.

The necessity and possibility of reducing the rates of the main types of taxes—value-added, excise, and income taxes—are being reviewed. The amendment of the law

on enterprises has been proposed to give the government a chance to centralize part of the profit remaining at the disposal of state enterprises and deposit it in a state investment fund, with differentiated rates corresponding to the goals of restructuring in the state sector of the economy.

The draft would establish a broader value-added tax base by including goods subject to excise taxes and businessmen with high incomes and by instituting a value-added tax on imported products and goods.

The government wants to bring the value-added tax into conformity with Russian legislation and extend this tax to producers of goods now subject to excise taxes after revising the excise tax rates. The rate of excise tax on the products and goods still subject to this tax will be adjusted in such a way that the combined value-added and excise taxes will not exceed the present rate of taxation for these products and goods. The list of goods subject to excise tax will also be reduced considerably, including the elimination of the excise taxes on several goods and the reduction of the rates on alcohol, liqueurs, wine, rugs and carpeting, glassware, and tires for passenger cars.

The draft would broaden the excise tax base by including goods and products imported from outside the republic and sold within it, to serve as a compensatory measure, to protect the republic's own producers of goods, and to create equal conditions of competition.

In 1994 the value-added tax rates on the main types of manufactured goods will be lowered from 25 to 20 percent, and the value-added tax for consumer service and agricultural enterprises will be reduced by 50 percent. The value-added tax base will be broadened by including goods now subject to excise tax and businessmen with high incomes, and methods of taxing imports will be changed to compensate for part of the lost income with a view to world experience and the principles of taxation in the CIS states. This will compensate for the loss of around 200 billion rubles, or 45 percent of the lost budget income.

The conditions of taxation for banking and insurance operations and pawnshop transactions will be same as for other types of economic activity.

Common conditions of real estate taxation have been proposed for all enterprises, irrespective of forms of ownership, at a rate of 3 percent. This is in line with the principle of the equal treatment of taxpayers, regardless of their property status. This tax rate is approximately the same as the property tax rate in Russia.

The draft will clarify and supplement several currently ambiguous articles of legislation which are difficult to enforce and which therefore contribute to tax evasion. Several articles pertaining to the taxation of foreign legal entities have been clarified. A definition of the permanent representation of the foreign legal entity will be

added to the law, and certain specific references to the profits of foreign legal entities will be clarified.

The draft provides for the review and reduction of tax incentives, which have failed to stimulate the production of scarce goods.

### Privatization Program Explained

944K0209A Minsk SOVETSKAYA BELORUSSIYA  
in Russian 29 Oct 93 p 2

[Article by Kazimir Romanovskiy, first deputy chairman of Committee on Management of State Property of Republic of Belarus Council of Ministers: "The Privatization Program—A Program for the People"]

[Text] Privatization began in 1991 and was conducted in accordance with the Temporary Procedure for the Denationalization of the Economy and the Privatization of State Property in the Republic of Belarus. It defined the denationalization of enterprises and organizations in the republic as a means of establishing a multistructured, mixed economy, decentralizing management, and relieving the state of the functions of direct economic administration.

The process of privatization was progressing at the necessary speed by the beginning of 1992, but in February it was halted in connection with the criticism of the government by the Belarusian Businessmen's Alliance, the Confederation of Labor, and other political and public entities and with the demand that the process be suspended until laws had been passed to regulate property reform. Nevertheless, 253 of republic and communal properties had been privatized in the republic by the end of 1992. The net value of their assets amounted to 22 billion rubles (in current prices), and they had a total of 70,000 employees. The largest were the experimental plant of the Amkodor joint-stock company, the Belarusrezinotekhnika leased enterprise, the Milavitsa garment firm, and the Pinskrev woodworking production association.

The Supreme Soviet passed the Law "On the Denationalization and Privatization of State Property in the Republic of Belarus" on 19 January this year. It marked the beginning of a new stage of privatization and defined the legal bases of denationalization and privatization and the rules and procedures of privatization. They were reflected in the State Privatization Program the Supreme Soviet approved on 16 June. It covers the period from 1993 through 1995. The fundamental approach outlined in the state program presupposes the development of the necessary mechanism prior to the move to mass privatization at high speed.

Privatization is not a goal in itself today. It has to secure the necessary and feasible variety of forms of property ownership and healthy competition. This is the basis for future production growth, which, in turn, will stabilize

economic conditions and create a favorable atmosphere for the development of an effective, socially oriented economy.

In spite of many difficulties, estimates indicate that the intensity of the denationalization and privatization process in the republic can be kept on a fairly high level. This conclusion is based on the following premises:

First of all, the main participants in privatization will be labor collectives, which, judging by an analysis of applications, are fully determined to take part in the privatization of their enterprises. To facilitate this process, the law stipulates a 20-percent discount on property or stock sold to labor collectives for money.

Second, in connection with the adoption of the state program, the portion of the net profit distributed to members of labor collectives of state enterprises will be used, as past experience has shown, to purchase the assets of the state enterprises.

Third, the privatization of medium-sized and large enterprises will generally occur in two stages: first the issuance of stock (corporatization) and then the sale of the state's share of the stock.

Fourth, privatization is becoming increasingly manageable. Whereas it was once carried out primarily at the request of labor collectives, before the end of this year Goskomimushchestvo [State Committee for the Management of State Property] will initiate the privatization of around 150 additional large enterprises.

The state program defines the objects of privatization more specifically:

first of all, state enterprises and organizations, as well as their structural subdivisions meeting the legal criteria for autonomous enterprises;

second, leased enterprises;

third, the state property of liquidated enterprises and enterprises slated for liquidation;

fourth, the state's share of the assets of economic entities and state-owned stock.

The program stipulates the privatization of leased enterprises, because the law on privatization does not provide for this. The clarifications in the state program draw a distinction between privatization and conventional property sales, which will be carried out in line with existing legislation and will not require inclusion in the privatization program.

In accordance with the program, priority will be assigned to the privatization of retail trade, public catering, and consumer service enterprises, enterprises in light

industry, the food industry, motor transport, construction, and agricultural processing and services, unprofitable enterprises, suspended projects and unfinished construction projects, and the property of liquidated enterprises.

The program is distinctive because it is based on the organic combination of denationalization and privatization. Whereas small enterprises will be sold at auction and in competitive bidding, large enterprises will first undergo denationalization through the issuance of stock—i.e., commercialization. Stock in these enterprises will not be offered to the general public until much later.

The Belarusian method of property reform is distinguished by this emphasis on the denationalization (or commercialization) of enterprises.

One of the program's distinctive features is its **anti-monopoly thrust**—i.e., the privatization of concerns, corporations, and other structures as single entities will be prohibited. The state enterprises making up these units will be privatized separately.

The **sources of funds** specified in the program for the purchase of state property include the private funds of non-state legal entities, the funds of foreign nationals and the personal savings of citizens, as well as bank credit and other financial resources. Loans from the National Bank may not be used for privatization purposes.

The Law "On Personal Privatization Checks in the Republic of Belarus" will add these checks to the funding sources on 1 July 1994.

In 1993 Goskomimushchestvo plans to convert 278 republic-owned state properties: 78 through buyouts of leased property, 150 through the issuance of stock, and 50 by sale at auction (or in competitive bidding). Over 400 pieces of communal property are to be privatized in 1993. The main methods of property reform in this area will be sale by competitive bidding (or at auction) and buyouts of leased property by labor collectives that have set up economic societies or associations. The projected speed of property reform should bring the percentage of denationalized and privatized properties up to 10 percent of the total value of assets slated for denationalization and privatization before the end of the year.

The list of enterprises not subject to privatization will be limited. By law, only the enterprises on a special list approved by the Supreme Soviet can resist privatization. This applies, for example, to enterprises connected with the production and disposal of radioactive, bacteriological, narcotic, and toxic substances, enterprises of the sanitary-epidemiological service, the patent office, and the office of standards and measures, civil defense installations, social welfare and mobilization facilities, and so forth.

Several ministries and departments, however, are causing delays in the completion of sectorial privatization programs. On the one hand, there is the reluctance of some labor collectives to privatize their enterprises in the near future. On the other, there is the obvious reluctance of the ministries and departments to give up their control of certain enterprises.

The following figures are an indication of the potential state losses resulting from the inefficient disposal of property. Republic-owned state institutions in Minsk alone have leased 182,000 square meters of area to commercial structures. At an auction in Brest, however, commercial structures paid 728 million rubles for 5- to 15-year leases on seven small stores with an initial bidding price of 9.3 million rubles. Even if we assume that all sales will not be that lucrative, this approach is justified when the initial bid is only a fraction of the final one and it is more efficient and sensible than the mere leasing of premises.

In summation, it is clear that the main guidelines of state property reform, with a view to the objectives set for the end of 1993, are stepped-up "small-scale" privatization and an emphasis on the preliminary commercialization of enterprises in the privatization of medium-sized and large properties. The harmonious combination of denationalization and privatization processes could prevent social conflicts in the society and the disruption of technological ties.

There are plans for the extensive use of world experience in privatization and the solicitation of the services of leading consulting firms with contributions from such international organizations as the World Bank, the International Finance Corporation, the European Bank for Reconstruction and Development, and others. There are also plans for a privatization training center in the republic, to be financed by the Soros Fund.

## MOLDOVA

### Edict on Taxing Bank Revenues

944K0267A Chisinau NEZAVISIMAYA MOLDOVA  
in Russian 26 Oct 93 p 2

[Edict of the President of the Republic of Moldova on Bank Income Tax]

[Text] In connection with the need to consolidate the financial base of the government as well as to further reorganization of the tax system and before the adoption of appropriate legislation I hereby decree the following:

1. Introduce taxes on bank income as of 1 November 1993. The rate of the indicated tax is to be set at 40 percent of the amount of income, while in the case of banks engaged in the servicing of the budgetary system a rate of 35 percent is set.

2. Establish the following:

The tax set by this edict will be paid by the following legal bodies:

Resident commercial banks, including banks with participation of foreign capital;

Credit establishments, including enterprises and organizations that acquired a license from the National Bank of Moldova for the performance of certain banking operations;

Special banks created in the order and on conditions stipulated by appropriate legislative enactments of the Republic of Moldova for the financing of state, inter-state, regional and other programs;

Foreign nonresident banks and their branches with a license from the National Bank of Moldova.

Taxes will not be paid by:

Credit establishments, including enterprises and organizations, carrying out operations and engaging in transactions which, in accordance with the law of the Republic of Moldova on banks and banking activity, are included in the list of banking operations but do not require the acquisition of a special license from the National Bank of Moldova;

The National Bank of Moldova. Distribution of the profits of the National Bank of Moldova is accomplished in accordance with the law of the Republic of Moldova on the state national bank of Moldova (the National Bank of Moldova);

Revenues of the payer are subject to taxation including the following:

Interest earned on loans;

Payments collected for credit resources granted to other commercial banks;

Commissions and other collections for services in correspondent relations performed for enterprises, organizations, banks, and establishments in the management of accounts, as well as for data, consultative, expert, trustee and other services;

Commissions and other collections for surety services, payments by letters of credit, collections, transfers and other banking operations;

Revenues from foreign currency, leasing, and factoring operations;

Sums received from acquired or leased seats on stock exchanges, from the sale and lease of the right to conduct intermediate trade operations, as well as from the distribution and management of securities, precious metals and stones, products out of them, and from other extended services;

Payments of clients as reimbursement for postal, telegraph, and other banking expenses;

Interest payments and commissions received for past years (with respect to the year of the tax report);

Payments for services performed for the public;

Payments for collection services;

Payments for accounting operations and operations with promissory notes;

Revenues from operations involving insurance of foreign currency, credit, and price risks;

Sums yielded by operations carried out by the bank at its own expense with its own holdings (including the sale of its own foreign currency, real estate, or securities);

Income from foreign sales operations;

Other forms of income from other types of activity.

Interest and dividends received from government securities, as well as income received for work on the distribution of government securities are tax exempt.

Income received by banks in foreign currency is subject to taxation along with income received in rubles (national currency). At the same time income received in foreign currency is converted to rubles (national currency) in the order determined by the National Bank of Moldova and the Ministry of Finance.

Establish that:

The taxed amount is calculated with a decrease in revenues indicated in Point 2 by the amount of the following expenditures:

Amounts subject to payment into the budget in the form of property, land, or other specific taxes;

Payments made into the Social Fund of the Republic of Moldova as well as other mandatory payments established by the legislation;

Accrued and paid interest;

Commissions paid for services and correspondent relations;

Expenditures connected with the conduct of foreign currency operations;

Interest and commissions paid for past years (with respect to the year of the tax report), and repayment of excess interest charges and commissions collected from clients in past years (with respect to the year of the tax report);

Depreciation deductions for the full restoration of fixed assets, calculated for the tax period on the basis of norms adopted in the established manner;

Depreciation of nonmaterial holdings (including the value of stock exchange seat), calculated on the basis of norms determined by the bank proceeding from the initial cost and the term of their gainful utilization, but

for no longer than the life of the bank. The depreciation norm for nonphysical holdings, the term of whose gainful utilization cannot be determined, is established over a period of up to ten years (but for no longer than the life of the bank);

Expenditures on the leasing of fixed assets and nonphysical holdings (including a stock exchange seat) in the amount of the lease payment;

Expenditures on the operation of buildings and equipment belonging to the bank, including payment for heating, fire protection and security services, lights, and repairs. Expenditures on the remuneration of labor are not taken into account;

Expenditures on official trips, representational expenses, advertising expenses and on personnel training within limits of norms established by the government;

Operational, office, postal and telegraph expenses, expenses in the transportation and storage of money and valuables, as well as payments to other banks for accounting and cash services and for the services of computer centers;

Expenditures on remuneration of consulting, data, and auditing services;

Other expenditures to cover expenses incurred by the banks as part of the expenditures (except for expenditures on the remuneration of labor) on the basis of statutes on the composition of expenditures on the production and sale of products (work, services), included in its production cost, and in the generation of financial proceeds by the enterprises, adopted by Government Decree No. 340 of 2 June 1993;

The taxable amount is decreased by:

Expenditures on technical re-equipment and automation of accounting in the economy of the republic on the basis of norms annually established by the government;

Sums actually contributed to the development of culture, to public charity funds registered in the established order, and spent on philanthropic endeavors—within the limits of up to one percent of taxable income;

Expenditures on the maintenance of public health facilities, children's preschool establishments, sports structures, cultural facilities, and housing fund structures on the books of commercial banks—within limits of norms determined in the established order;

Sums actually contributed to the reserve fund. The amount of the deduction from the taxable sum must not exceed 25 percent of the charter fund of the bank.

4. Income derived from shares in other banks and enterprises, dividends and proceeds from stocks, debentures, and other securities belonging to the bank are

excluded from taxable income of the bank and are subject to taxation as profits (income) of the enterprise paying the dividend.

5. The amount of the tax is determined by the payer independently proceeding from the amount of the taxable sum (with consideration of the peculiarities involved in its calculation) and the established tax rates.

In the course of the quarter the payers make advance tax payments into the budget calculated proceeding from the estimated amount of income during the tax period.

Advance payments are made not later than the 20th of each month in equal increments of one-third of the quarterly tax amount.

At the end of the first quarter, six-month period, nine months, and a year the payers calculate the amount of tax in a progressive total proceeding from the income actually received by them and subject to taxation at the established rate. The amount of the tax subject to payment into the budget is determined with consideration of previously computed payments. Payment of the tax is made in quarterly installments within a five-day period from the day established for the submission of quarterly bookkeeping reports (balances), and in the case of annual payments-within a ten-day period from the day established for the submission of the bookkeeping report (balance) for the year.

6. The ministry of Finance is to publish and disseminate the Instruction on the method of calculation and payment of tax on bank income into the budget within a three-week period.

[Signed] Mircea Snegur, president of the Republic of Moldova  
Chisinau, 18 October 1993

#### **Edict on Additional Measures to Stabilize, Develop Economy**

944K0326A Chisinau NEZAVISIMAYA MOLDOVA  
in Russian 30 Oct 93 p 3

[Edict of the President of the Republic of Moldova on Measures for Stabilization of the Socioeconomic and Financial Situation and the Development of Industry and Other Branches of the National Economy of the Republic]

[Text] For the purpose of stabilization of the socioeconomic and financial position of the republic, development of industry and other branches of the national economy, and also to stimulate growth of production I hereby decree the following:

1. Adopt a list of priority branches of the national economy which are subject to taxation in accordance with Subpoint "a" of Point 1 of Article 6 of the law of the Republic of Moldova on taxes on enterprise profits (Supplement No. 1).

2. In conformance with Article 19 of the law of the Republic of Moldova on the 1993 state budget, adopt the statute on the order of formation and utilization of the special nonbudgetary conversion fund in 1993.

3. In connection with the high level of inflation recognize as feasible a tenfold indexation of gross profits as of 1 January 1994 subject to taxation at rates stipulated in the supplement to the law of the Republic of Moldova on taxes on enterprise profits.

4. Establish that expenditures on the payment of interest on loans (with the exception of overdue loans) issued in accordance with the Decree of the President of the Republic of Moldova of 8 September 1992, No. 198, on measures for stabilization of the financial state of enterprises and organizations and improvement in payment discipline in the economy of the Republic of Moldova, beginning on 1 October 1993 shall be included in the cost of manufactured (sold) products (work, services).

The government to make corresponding changes in the decree of 2 June 1993, No. 340 on adoption of main statutes on the composition of expenditures on production and sale of products (work, services), included in their production cost and on the order of formation of the financial yields of enterprises.

5. Permit production enterprises and organizations of the Ministry of Industry to sell component parts, semi-manufactures, and other materials available on 1 July 1993, not utilized in main production processes, at free (contract) prices starting on 1 November 1993. Funds obtained from the sales are to be used to supplement owned working capital after payments into the budget.

6. Prior to 1 December 1993 the government is to submit proposals on the establishment of tariffs pertaining to payments into the state social insurance fund for 1994 providing for their decrease in industry, establishing a unified level for all branches of the national economy (type of activity) at enterprises, establishments and organizations, regardless of their organizational-legal form.

7. In the fourth quarter of 1993 the National Bank of Moldova and the commercial banks are to conduct mutual accounting of the indebtedness of enterprises and organizations on the territory of the republic.

8. To enable the National Bank of Moldova to conduct accounting operations:

The ministries, state departments, and agencies to submit data to commercial banks of the republic prior to 15 November 1993 on the amount of indebtedness for commodity stocks, supplies, and services and to determine those to participate in the accounting operations;

Prior to 15 November 1993 the State Department for Statistics, jointly with the National Bank of Moldova, is to introduce a temporary form of state statistical accounting of defaults.

9. As of 1 November 1993 raise fines for late payments to banks established in accordance with Point 10 of the edict of the President of the Republic of Moldova of 8 September 1992, No. 198, to amounts no lower than the rate established by commercial banks for short-term credit.

10. Establish that for the purpose of eliminating cases involving free use of working capital belonging to others because of late payments, the supplying enterprises providing the products (work, services) and goods without an advance payment or payment by letter of credit, shall include a mandatory condition in the contracts requiring the payment of interest by the buyers in favor of the suppliers for the use of loaned assets up to the time of payment in an amount no lower than interest for short-term bank credit.

11. This edict goes into force on the day it is signed.

[Signed] Mircea Snegur, president of the Republic of Moldova  
Chisinau, 26 October 1993

**List of priority branches of the national economy subject to taxation in accordance with Subpoint "a" of Point 1 of Article 6 of the Law of the Republic of Moldova on taxes on profits of enterprises**

1. Instrument building and radio electronics
2. Chemical-pharmaceutical industry and medical equipment industry
3. Branches of industry processing agricultural raw material and producing machinery and equipment for the agroindustrial complex and for farming and peasant homesteads
4. Communications, computer science
5. Rail transport
6. Production of packaging materials meeting world standards
7. Biotechnology, selection.

**Spokesman on Social Democratic Party Election Strategy**

944K0326B Chisinau KISHINEVSKIYE NOVOSTI  
in Russian No 46, 30 Oct 93 p 1

[Interview with Yuriy Filip, senior secretary of the National Coordination Council of the Social Democratic Party of Moldova, by A. Chegarovskiy; place and date not given: "Another Power Contender Appears in the Shadow of the Parliament, In the Glow of Sotsintern"]

[Text] In the opinion of political scientists the Social Democratic Party of Moldova for good reason is considered to be a real political power with chances of general victory at the forthcoming elections. History: the SDPM [Social Democratic Party of Moldova] was founded on 13

May 1990. Its principal goals: achievement of real independence of the Republic of Moldova; completion of the building of a democratic law-governed state; and transition to a market, socially oriented, economy. Slogan of the SDPM—Toward democratic capitalism in a social state. For three years the SDPM appeared as the parliamentary opposition. That kept it out of the dirty parliamentary scandals, but also deprived it of the opportunity of directly influencing the results of the voting on issues of vital importance to the republic. The preelection position of his party is described here by Yuriy Filip, senior secretary of the National Coordination Council of the SDPM.

[Filip] We realize that our participation in the adoption of the law on elections was minimal—the SDPM is represented in the current parliament by only four votes, but we are totally satisfied with the fact that early elections were finally declared and that specifically this version of the law was adopted.

[Chegarovskiy] What outcome of the election would you consider satisfactory to your party?

[Filip] The experience of elections in Eastern Europe (last example was Poland) indicates that the party getting 30 percent of the votes wins. This is also our minimum program. It will be very difficult to garner an absolute majority but we picked specifically that figure as our maximum program.

[Chegarovskiy] In order to strive for such a high result it is necessary to have a trump card.

[Filip] We have it. First of all, there are few parties capable of not only criticizing the existing order in communicating with the people, but also offering something concrete. We have proven that we are capable of doing that, at one time offering the main principles of privatization which later formed the basis of the law on privatization adopted in June 1991. Secondly, no one else any longer has the broad international ties of the SDPM. We received the status of a permanent guest of the Sotsintern, we are well known in Spain, Sweden, and Austria. In case of a SDPM victory the social democrats of those countries will not only assist us with competence and professionalism but will also help Moldova occupy a worthy place in the world.

[Chegarovskiy] What will be the strategy and tactics of your preelection campaign?

[Filip] I must say right off that four months of the struggle for votes is too long. Such a race exhausts all of its participants. If one starts in an energetic manner then there will not be sufficient energy for the final stretch, if one is to wait for a couple of months, the voters will already have made up their minds by then and it would not be a simple matter to force them to change. As far as tactics are concerned they consist of a peculiar kind of know-how of each party. No one will reveal all of the details to you before election day.

[Chegarovskiy] Is it possible to assume, however, that the SDPM has already started its preelection campaign?

[Filip] So far there have been only preparations for it. The 30 October session of the Coordination Council will include discussion of concrete issues dealing with preparations for elections, the party platform, slates of candidates, and the pre-election program.

[Chegarovskiy] What will be of the greatest importance in that program?

[Filip] The most important will be guidelines for maintaining independence of the Republic of Moldova. We were the first. Who else formulated that goal back in May 1990? Recently very many parties took up that slogan therefore, in order to preserve our identity on this monochromatic political palette, we have to offer concrete plans for its realization. We have every opportunity of doing that.

[Chegarovskiy] The SDPM party slate apparently still remains a secret?

[Filip] Our slate of candidates will be finalized and adopted in December at the SDPM congress. I can only say that there is a nucleus, people who work well together and have proven their competence. But there will also be some new names, not everyone has to be a star. In addition to that we are also hoping to include not only SDPM members in our slate. Negotiations are under way with people who are well known in the republic. It is still too early to mention their names. I can, however, mention the name of someone who is number one on that slate. He is Oazu Nantoi. The latest consultations conducted at Ugeny and Droki confirmed that there will be no internal friction with regard to that.

[Chegarovskiy] At this point a question would be appropriate concerning a candidate for the post of prime minister. Naturally, in case of your victory.

[Filip] The president of the republic will ask the leader of the victorious party to form the government. It would be logical if he also becomes the head of the cabinet of ministers. But I stress that this is only my personal view.

[Chegarovskiy] The candidacy of Andrei Sangheli does not suit SDPM?

[Filip] We remember how destructive the government of Druc-Muravski turned out to be for the republic. The arrival of Sangheli animated the situation, but in his government as well reform initiative proved to be weak. In resolving the problems of the day, Sangheli never was able to create conditions for economic reform. Giving him his due it is necessary to admit that under the new conditions government must be led by a new individual.

It is necessary to provide a good airing not only for legislative power but for executive power as well.

**Edict Establishes Presidential Council on Personnel Policy Issues**

*944K0216B Chisinau NEZAVISIMAYA MOLDOVA  
in Russian 13 Oct 93 p 1*

[Edict of President of Republic of Moldova establishing Republic of Moldova Presidential Council on Personnel Policy Issues, signed by President Mircea Snegur in Chisinau on 5 October 1993]

[Text] To secure the pursuit of a single personnel policy in the civil service of the Republic of Moldova, I hereby decree that:

1. A Republic of Moldova Presidential Council on Personnel Policy Issues will be formed as an advisory body responsible for the planning and implementation of personnel policy in the executive branch of government in the Republic of Moldova.

2. The main functions of the Republic of Moldova Presidential Council on Personnel Policy Issues will be the following:

the determination of the principal guidelines of personnel policy in state governing bodies;

the preliminary consideration of candidates nominated for appointed offices in Republic of Moldova presidential edicts and government decrees;

the coordination of interdepartmental activity in the implementation of personnel policy;

the choice of a mechanism for the coordination of work with personnel in executive agencies on the republic and local levels.

3. Within a month the State Chancellery of the Republic of Moldova and the heads of ministries, state departments, rayon executive committees, and the municipal governments of cities of republic jurisdiction will analyze the personnel requirements of their agencies and discuss and approve long-range reserve personnel training programs.

4. The State Chancellery of the Republic of Moldova will assist the Republic of Moldova Presidential Council on Personnel Policy Issues in every way possible in the performance of its duties.

5. This edict will go into force on the date of its signing.

[Signed] Mircea Snegur, President of the Republic of Moldova  
Chisinau, 5 October 1993

**ESTONIA****Icebreaker Bought From Finland for Tallinn Port**

*94P2011A Helsinki HUFVUDSTADSBLADET  
in Swedish 26 Nov 93 p 11*

[Finnish News Bureau article: "TARMO Becoming Estonian."]

[Text] The Finnish icebreaker TARMO is being sold to Estonia. A purchase agreement will be signed in Helsinki next week. The purchase price is 35 million markkas, which will be paid over ten years. TARMO was built in 1963. TARMO's main task in Estonia will be to assist vessels into the port in Tallinn. Also a second, older Finnish icebreaker is about to find a buyer. Negotiations are in progress for the sale of VARMA to Latvia.

**Decree On Living and Work Permits for Aliens**

*94K0223A Tallinn RAHVA HAAL in Estonian  
14 Oct 93 p 5*

[Text of decree and regulation: "Procedure for Issuing and Extending Living and Work Permits For Aliens"]

**Decree Number 288 of the Government of the Republic, dated September 21, 1993, on the****Procedure for Issuing and Extending Living and Work Permits For Aliens**

**Proceeding from the Aliens' Law RT I 1993, 44, 637 [RT (RIIGI TEATAJA) STATE BULLETIN], and for purposes of enacting the procedure for issuing and extending living and work permits to aliens, the government of the Republic decrees:**

1. To ratify the "Procedure for Issuing and Extending Living and Work Permits for Aliens" (herewith).
2. To declare void Decree Number 87 of the Government of the Republic, issued May 6, 1991 on "Ratifying the procedures for issuing living and work permits in Estonia" (RT 1991, 17, 233).

M.Laar, Prime Minister M. Lauristin, Social Minister I. Siil, Director of Secretariat, State Chancellery, as Acting Secretary of State.

1. Permits for living and working in Estonia (henceforth—living and work permits) are issued to aliens by the Office of Immigration, which also has the authority to extend these permits. The guidelines for issuing and extending living and work permits are devised by the Office of Immigration, and approved by the Social Ministry.

2. An alien can arrive in Estonia and stay here with a valid passport or a travel document replacing it, that contains a reference to the visa or living permit on which the person's stay in Estonia is based.

If the Government of the Republic has an agreement for visa-free travel with some foreign states, the citizens of such a state can stay in Estonia without a visa or a living permit for the duration of the period specified in the agreement.

3. An alien who has a domestic passport of the former Soviet Union and a permanent registration for the Estonian SSR, and who has settled in Estonia before July 1, 1990, can return to Estonia by and through July 12, 1995, on the basis of that document.
4. The Immigration Office will transfer any notations referring to living and work permits from the domestic passport of the former Soviet Union onto the passport of the country of citizenship, a document replacing it, or an alien's passport by or through July 12, 1995.
5. Data pertaining to an alien is transferred from the domestic passport of the former Soviet Union onto the passport of the person's citizenship country, or a document replacing it, when the living permit is entered into said documents.
6. An alien will apply for living and work permits through Estonia's foreign legations.
- An alien whose stay in Estonia is based on permanent registration for the former Estonian SSR can apply for a living and a work permit at the Immigration Office until July 12, 1994.
7. An Estonian, who is not a citizen of Estonia, can apply for a living or work permit at the Immigration Office or at a foreign legation of Estonia.
8. Temporary living or work permits will be valid within the time limits specified on them.
9. Temporary living or work permits can be issued for up to five years.
10. A permanent living permit can be issued to an alien, who has lived in Estonia on a temporary living permit for at least three out of the last five years, and who has a residence and an employment affiliation, or some other legal source of livelihood.
11. An alien who is married to a person permanently living in Estonia can be issued a temporary living permit, subject to annual renewals for the first three years, unless the marriage is terminated.
12. The term specified for the living or work permit should not go beyond time limits set for the passport or the document replacing it.
13. A work permit can be issued for employment with a specified employer, upon request from such an employer.
14. An alien with a permanent living permit does not need a work permit.

15. The living or work permit becomes valid from the day of the ruling by the Immigration Office to issue or extend the living or work permit.

The ruling to issue a living or work permit will become void if the permit is not taken out within three months of the day of the ruling.

The living and work permits are issued to the applicant against his or her signature.

16. Applications for living and work permits filed at a foreign legation, along with all the necessary documents, will be submitted for a ruling by the Immigration Office within one month of their filing. The ruling of the Immigration Office will be forwarded to the foreign legation which, in turn, will notify the applicant for a living or work permit within one month.

An alien whose stay in Estonia is based on permanent registration for the Estonian SSR will be informed by the Immigration Office about its ruling to issue or extend his or her living or work permit, within one month of such a ruling.

17. Regarded as close relatives of an alien, in this context, are his or her spouse and minor children, and adult offspring designated as Group I or II handicapped. Minor children can be issued a living permit to take up residence with a parent living in Estonia.

18. Constituting legal income are:

1) Legally earned wages; 2) Proceeds from legal business or property; 3) Pension; 4) Scholarship; 5) Alimony; 6) State support, including unemployment benefits and child support; 7) Support guaranteed by family members with a legal income in Estonia.

19. Based on proposals made by local administrative agencies on the extent of immigration planned for their respective territories, the Immigration Office will determine the upper limit of immigration for the coming year and submit it, through the Social Ministry, to the Government of the Republic for ratification.

In line with the ruling of the government, the Immigration Office will work out the distribution of immigration for the coming calendar year, within the limits specified.

20. Exceptions to exceed a given year's quota can be made, against the quota set for the next calendar year, for specified individuals, at the suggestion of the Social Ministry and based on a government ruling.

21. Not considered immigration, for purposes of this procedure are:

1) Arrival in Estonia on a visa; 2) Estonians, without Estonian citizenship, settling in Estonia; 3) Embarking on studies or scientific work for up to a year, at the request of an educational or scientific institution;

22. To apply for a living or work permit, the alien will submit the following documents to the foreign legation:

1) Application for a living permit; 2) Two photographs, size 40x50 mm; 3) Application for work permit, along with documents substantiating education; 4) Passport of the person's country of citizenship, or a document replacing it (in case of minors—birth certificate); 5) Application for work permit issued by the employer, along with a written agreement to enter a contract for employment, or an application from an educational institution sponsoring studies in Estonia, or an invitation from a close relative for settling in Estonia, or proof of income for the person's livelihood; 6) Medical certificates, with format to be approved by the Social Ministry; 7) Proof of living space secured; 8) An alien applying for living permit in conjunction with marriage, will submit a notarized copy of the marriage certificate issued by the state agency authorized to register marriages. 9. Proof of having paid state dues;

The Immigration Office has the right to request additional documents.

23. An alien who settled in Estonia before July 1, 1990, and is living here on permanent registration for the former Estonian SSR, should apply for living and work permits at the Immigration Office, by submitting the following documents:

1) Application for living permit; 2) Two photographs, size 40x50 mm; 3) Application for work permit, with an application from the employer; 4) Domestic passport of the former Soviet Union with permanent registration for the Estonian SSR, or foreign passport with proof of marital status, or passport of the person's country of citizenship; 5) Proof of having paid the state dues;

24. Aliens permanently mustered out of Estonia must apply for living and work permits through Estonia's foreign legations.

25. Aliens who have temporarily left Estonia for a foreign country, and who have registered themselves according to paragraph 19, section 1 of the Immigration Law of the Republic of Estonia that was in force through July 12, 1993, will apply for their living and work permits as do aliens whose stay, commencing before July 1, 1990, is based on permanent registration for the former Estonian SSR.

26. Aliens, whose stay is based on permanent registration for the former Estonian SSR, and who have left the country for studies abroad, will have to apply for living and work permits within six months of the termination of their studies in the manner specified for aliens whose stay is based on permanent registration for the former Estonian SSR.

27. To extend their living and work permits, the aliens will have to submit the following documents to the Immigration Office:

1) Application to extend the living permit; 2) Two photographs, 40x50 mm; 3) Application to extend the work permit, with an application from the employer; 4)

Application of the educational institution, in cases where a living permit is needed in conjunction with studies in Estonia; 5) Passport of the person's state of citizenship, document replacing it, or an alien's passport; 6) Proof of having paid the state dues;

28. An application to extend the living permit must be filed at least one month before the previous living permit expires.

29. If application to extend the living permit is not filed before the previous permit expires, the application for a new living permit will have to be filed at a foreign legation of Estonia.

30. Until a minor reaches age 15, the application for issuing or extending his or her living permit is filed by the parent or guardian.

Applications for issuing or extending a living permit for an alien who has been declared unable to work will be filed by his or her guardian.

31. Living permits will not be issued to aliens enumerated in paragraph 12, section 4 of the Aliens' Law.

32. Exceptions mentioned in paragraph 12, section 5 of the Aliens' Law, will be ruled on as follows:

1) For aliens listed in paragraph 12, section 4, item 1 of the Aliens' Law, the ruling will be made by the Immigration Office, in accordance with prevailing legal measures; 2) For aliens listed in paragraph 12, section 4, items 2, 3, 4 and 5 of the Aliens' Law, the ruling of the Immigration Office is based on prevailing legal measures, and coordinated with the Ministry of the Interior; 3) For aliens listed in paragraph 12, section 4, items 6 and 7 of the Aliens' Law, the ruling of the Immigration Office is based on prevailing legal measures, and coordinated with the Ministry of Defense.

33. An alien must notify the Immigration Office of any circumstances mentioned in paragraph 15, section 1 of the Aliens' Law.

34. Subjects mentioned in paragraph 15, section 2 of the Aliens' Law must notify the Immigration Office.

35. Local government agencies must see to it that aliens living within their administrative territory, who have come to Estonia before July 1, 1990 and who are registered for the former Estonian SSR, have their living permits formulated at the Immigration Office by or through July 12, 1995. If this is not the case, the local government agency must notify the Immigration Office.

36. The employer must see to it that the aliens it employs, who have come to Estonia before July 1, 1990 and who have valid registration for the former Estonian SSR, have their work permits formulated at the Immigration Office by or through July 12, 1995. If this is not the case, the employer will have to terminate the employment contract with the alien, and notify the Immigration Office thereof.

37. The Immigration Office coordinates the issue of work permits with the Department of Labor.

38. The Bureau of Statistics will assign a personal code to an alien whose living permit is issued for a period longer than one year.

#### **CSCE High Commissioner Confers With Narva Heads**

*94K0284A Tallinn EESTI AEG in Estonian No 40, 3 Nov 93 p 6*

[Article by Ahto Siig: "High Commissioner Stoel in Narva"]

[Text] On Wednesday, October 27, Max van der Stoel, CSCE High Commissioner for National Minorities, and his retinue visited Narva again. The program for the visit was planned by the CSCE Estonian Mission. First they met with the representatives of the former city soviet (among them Malkovski, Itomjakov, Mishin, and other Estophobes). Even Vladimir Tshuikin had requested to be discharged from his hospital bed for this occasion. This entire coterie had lost their representative authority from the moment of the announcement of the new town council. Regardless of that, based on old habits, they threw their weight around in the office of the chairman.

Journalists were allowed to enter the office at the very end of the meeting. At the moment when, as if for dessert, Juri Mishin, head of the Russian Citizens Narva League, made his presentation. He said: "Because of the fear instilled by the Estonian propaganda office, the number of people desiring Russian citizenship has decreased. People fear that if they accept Russian citizenship they will lose Estonian citizenship (it is a typical example of Mishin's demagoguery, that the Estonian citizenship law does not allow dual citizenship—A.S.). Russia no longer demands the surrender of Estonian citizenship for granting its own citizenship (it will then impress the Russian citizenship stamp on the passport of a citizen of the Republic of Estonia!—A.S.). The Russian Citizens League is doing everything in its power to make sure that not a single person, including reserve officers, are not illegally deported (Mishin's laws truly do not permit it!—A.S.) from Estonia."

Mishin requested the assistance of CSCE in preventing "Estonian leadership from obstructing" the election of a new Russian parliament by the forty thousand Russian citizens living in Estonian territory: "Since I was not allowed to run for office in the Estonian organs of power, I have been forced to run for office in the Russian State Duma," said Mishin. The CSCE people listened to Mishin's story dutifully and without any noticeable reaction (not a single burst of laughter).

At the end, Vladimir Tshuikin cordially thanked Max van der Stoel, who had evidently "done a great deal for Narva."

It is sad indeed, but this time Tshuikin was probably right.

Members of the city soviet handed to the high commissioner a petition stating, among other things: "We were forced to give up our authority, because the laws of the Republic of Estonia violate the United Nations general human rights declaration... We are forbidden to participate in elections for the Estonian Parliament and the president. We were deceived by the government of Estonia, which did not fulfill the promises made to you. We ask you, and through your intermediary the CSCE, to assist us to assure that all Estonian residents can, if they wish, apply for Estonian citizenship without any restrictions, and that all people registered as residents of the former Estonian Soviet Socialist Republic will receive a permanent residence permit. These principles can be realized by means of a judicial expert opinion on Estonian laws rendered by the experts of CSCE."

The petition is also signed by Annelja Varul (reader of "Den!"), member of the new town council and of the Jedinstvo faction.

In my conversations with a couple of councilmen who were more kindly disposed toward Estonia, I learned that Vladimir Homjakov blamed also the Russian-Speaking Population Representative Assembly and numerous Russian-speaking persons for the non-fulfillment of promises given to the high commissioner. Vladimir Malkovski, for his part, expressed fear that next time he may have to meet Stoel on the territory of some other country because there are apparently plans to deport him from Estonia.

According to the program planned for the CSCE visit, a luncheon was arranged for the high commissioner, at which the leadership of both the old soviet and the new town council were to participate. Present at the prearranged time were Anatoli Paal and Valeri Lössenko, the chairman and deputy chairman of the new town council, who represented the actual local authority. However, they had to wait patiently for half an hour, until Tshuikin, who represented himself, finished his demagoguery. By the way, Paal promised the journalists that they could be present at the meeting of the members of the new town council with the high commissioner. That is to say, he had not dealt with Stoel previously. Anatoli Paal greeted the CSCE representatives in English. Then they switched smoothly into Russian. And then, at the request of the high commissioner, the journalists were asked to leave.

Max van der Stoel's brief press statement was as follows: "The reason for this visit was to observe with our own eyes how far the solution of the city's problems has progressed. Especially in terms of unemployment, investment, citizenship, residence permits, and language instruction." Questions were prohibited. An exception was made only for a foreign reporter (St. Petersburg Television).

Later I had a chance to talk with a couple of people's deputies. Rein Annik and Valentin Pappa found it to be typical that Max van der Stoel received economic and financial answers to his politically grounded questions. Discussed were possibilities of enlarging the Narva language center or even establishing other language centers.

The new town council did not present any petitions to the high commissioner.

When I found out in the morning of the visit that the high commissioner personally wanted to meet with the imperial-minded Narva soviet functionaries, I did not want to believe it at first. It was especially absurd because Mishin, head of the Russian Citizens League, who will soon have to appear in court because of his anti-Estonian activities, continuously presents petitions, from the offices of the town council, to international organizations. As of now, I have no illusions about the commissioner.

The first visit to Narva made by Max van der Stoel in his role of high commissioner took place on January 14 of this year. At that time Tshuikin was annoyed that "the Estonian Government has again arranged a meeting of the mission with the Viru Information Center." With this, it became immediately clear to Stoel that the correct information will come from Tshuikin. During the turmoil of the referendum, the CSCE emissary visited Narva twice—on June 30 and July 7. The Dutch old gentleman was probably frightened half to death by the Sillamäe's riotous meeting and the Narva pickets staged by Mishin. In any case, Tshuikin could already brag in the July 6 issue of "Narvskaja Gazeta" that now Max van der Stoel had finally understood everything—after the "confidential conversation" that took place on July 2 in Tallinn. The international community had apparently not appraised adequately the situation in Estonia after its secession from the structure of the Soviet Republic. It seems to be especially important to Stoel to receive information directly from the original source (i.e. from Tshuikin—A.S.). Tshuikin also hinted that the leadership of the CSCE Estonian mission will be replaced. And indeed, Klaus Tornudd was promoted to the office of ambassador of the Republic of Finland to Paris!

I am certainly subjective when I say that I personally had some bad feelings already after Max van der Stoel's first visit. At that time, within the context of the foreign ministry's program, we requested that the Russian democrats as well as representatives of Estonian, Ingrian and Jewish minorities meet with Stoel at the Viru Information Center. The high commissioner, according to the program, was to meet with us for a whole hour. However, we were honored only with a third of an hour. Apart from the schedule of the program, a former interim "fuehrer" was apparently expecting him at Kohtla-Jarve—as always, to inform the commissioner of the discrimination toward the Russians.

At that time even I realized how a Zulu must have felt when a Dutch colonist played politics with gifts of "glass

beads"... Hopefully this was only by chance that when a Narva Jewish activist, Estonian citizen Jelena Idelson, who had survived the Leningrad blockade, spoke out passionately in defense of the Narva Estonian minorities, van der Stoel packed up his bags—time to depart. I requested a minute from him, in order to hand over the documents of the Estonian Society. When I took the documents out of the envelope in order to enumerate them, the exalted guest snatched them from my hand, even preventing me from reinserting them in the envelope. My first thought was that we are still some protectorate of Holland (not that of the United Nations—their men conducted themselves here in an entirely civilized manner four weeks later, on January 10). Perhaps the fact of the matter is merely that Stoel in his role as foreign minister has been everything else except the protector of minorities.

How long must we suffer such treatment? If Tshuikin dared to raise the question about the replacement of Klaus Törnudd, then does the Republic of Estonia, member of the Council of Europe and CSCE, dare to do the same with regard to Max van der Stoel?

#### **Northeast Sector Development Seminar Held**

944K0283A Tallinn EESTI AEG in Estonian No 41,  
10 Nov 93 p 12

[Article by Valeri Kalabugin: "East Virumaa Dangers and Helpers"]

[Text] The adult education system of East Virumaa was discussed during a seminar held at Narva-Jõesuu at the end of October. The seminar was organized by a project group consisting of education specialists from several ministries and a private firm, which began, last year, to study the education problems of East Virumaa. The leaders are Ene Kalmus, acting director of the supplemental education center "Teave," Karl Kasikov, consultant for the State Chancellery Education Center; Viive Ambur, chief specialist at the Finance Ministry; and Kalle Vana, councilor of the Education Ministry. Assistance is given by our Finnish colleagues from the Lahti Adult Education Center. The project is also supported by Finland's Education Ministry.

The goal is to create and set up a regional program to help raise the economically competitive edge of East Virumaa, and to help the foreigners [Russians] living in the towns of East Virumaa to adapt faster to conditions in Estonia. The unemployed need retraining, which should include an opportunity to learn special trades that can be used in small business. At Narva, Kohtla-Järve, and Sillamäe, Estonian language instruction is needed.

#### **Experience for Europe**

Actually, the East Virumaa problem is much broader, and the task for the adult education system is only a part of a vast effort of commitment needed for the future to guarantee for the Estonian people internal unity and a secure domestic policy. The Estonian society should

assist an individual to extricate himself from the small world bound by the Russian-speaking environment, in which there is no progress. We need to help the unemployed, as well as those who have a job, to acquire the proper work ethic, to stimulate in them a germ of independence, which was not fostered by the Russian tradition. The Estonian society needs to find a way to "re-educate" the Russified social strata (including Russified Finno-Ugrians). The 1940 events should not recur, when a portion of Petseri Russians welcomed with joy the Red Army that came to "free" them from the yoke of civilization, culture, and humanity.

What is more, at some point in time Europe must do something about Königsberg, where the present conditions can be compared with those of East Virumaa. The Estonian experience could be very useful there. Actually, organizations of other countries, such as the Stockholm Environmental Institute and the Swedish National University, have begun to be concerned with East Virumaa: the former plans to develop a concept of a balanced progress for East Virumaa, the latter will begin, in the near future, to teach the Narva Russians "the ABC's of private enterprise."

#### **East Virumaa Perils**

Vassili Petrov, deputy director of the Jõhvi occupational high school, asserted during the seminar that the education of adults is completely justified. Last year, 130 persons acquired a new trade at his school. Out of thirteen tailors, three found work in enterprises, eight work at home and are very grateful to the learning center; out of fourteen computer operators, seven found jobs in their field; out of eleven welders, only two were unable to find a job—their qualifications turned out to be low and they came back to supplement their knowledge at their own expense.

Iudmilla Laanemäe, an official at the social ministry, warned that no one should be left without a job for a long time: it is better to learn something new that offers new opportunities and hope. There is a danger that, after living for six months on support payments and then losing them, the unemployed may be drawn into a criminal dependence. V. Petrov: "Studies show that after two years of unemployment a person starts to deteriorate, after three years he may degenerate and stumble upon a gang of criminals... The most dangerous situation is for a graduate of a school to remain unemployed. Also, Russian youth does not join military service. It is better to give them supplemental training rather than let them become bums."

Valeri Lössenko, deputy chairman of the new Narva city council, was worried that many of the engineers of the "Baltijets" factory are currently unemployed. Larissa Dorofejeva, director of the Narva Employment Center, feels that entrepreneurs should contribute funds to support the retraining of workers as well as the unemployed: "Why not offer them tax incentives for that, as is done in other parts of the world?"

Märt Marits, governor of East Virumaa, and Ain Kalmaru, the reelected mayor of Kohtla-Järve, also visited the seminar. They talked about broader problems. As indicated by Märt Marits, 205,000 people live in the northern portion of East Virumaa, whereas only 5,000 persons live in the central and southern areas (that is, two-thirds of East Virumaa). He called this an outright catastrophe. He was supported by the Kohtla-Järve mayor Ain Kalmaru: "The decline of agriculture and a lack of regional policy may cause the disappearance of Estonian roots in East Virumaa."

#### Russia Does Not Forget

Vladimir Kuznetsov, deputy chairman of the former Narva city council (his last days in office) also visited the seminar. He announced that the former leadership of Narva has already reached an agreement with Leningrad University to open a branch in Narva in order to train jurists in the field of small business. It is planned to enter people with higher education (not jurists) directly into the third course. After three years, they will receive a diploma. The next stage would be to train, in the same fashion, economists and other economic specialists. According to Kuznetsov, the first training group is planned to be organized within the next couple of months.

This news confirms again that Russia considers East Virumaa as their own border territory and that Narva residents zealously carry out the point of view of Moscow's policies. It is especially upsetting that Estonia is offered a Russian (Soviet) educational system, and that, moreover, in the field of jurisprudence! The heritage of the legal system of the Soviet Union is causing enough problems in Estonia. God save us from the "jurists" sent from the East and the judicial school of the sovietized Russia! It would be naive to believe that anything else would be offered by them to Narva.

In the opinion of the chief specialist of the Finance Ministry, Viive Ambur, the implementation of the plan in question would mean that jurists would be taught in Narva on "their mothers' knees." V. Ambur adds: "In order for the school to open, it needs an appropriate license. This is issued by the commission of the Education Ministry. The self-appointed "education organizers" do not have such a license. I am a member of this commission and know for a fact that no application has been made for this license. When the jurists of a foreign country begin to teach a foreign judicial system here, it is accompanied with foreign ideology."

The Government and Parliament should no longer make concessions to schemers; instead, it should start supporting progressive forces in Narva and other places. There are Russians who are well disposed toward Estonia, but our government allows the schemers to keep their mouths shut (a good example is Russian national journalism run by the former Communist Party propaganda monopoly). The dialogue is conducted mainly with forceful opponents who are feared. Because of

obvious fear, Estonian citizenship was granted to a large number of schemers, even though many Estonians have difficulty in obtaining an Estonian passport. It is time to put an end to this "Pollyanna" policy.

We need to utilize properly the help offered to us by the Stockholm Environmental Institute and others, to develop the universal concept of progress in East Virumaa, and to set about to implement it in a consistent manner.

#### Popular Front Party Ends Its Work

944K0315A *Tartu POSTIMEES* in Estonian 15 Nov 93  
p 1

[Article by Olav Kruus: "Peoples' Front Had Its Last Say on Saturday"]

[Text]

For the purpose of assessing the activity of People's Front up to this point, and of determining the need for its further existence, the Fifth Congress of People's Front convened in Tallinn on Saturday. Present were 289 guests and comrades-at-arms, 233 of them with voting rights. Major presentations were made by board members Edgar Savisaar, Rein Veidemann and Olav Anton.

Both Edgar Savisaar and Rein Veidemann centered their presentations on the history of People's Front and emphasized the significance of the popular movement in the process of regaining Estonia's independence. Savisaar also attempted to give a review of popular movements in Middle-European, Central-Asian and Caucasian states.

Savisaar noted that the popular movements in the Baltic states not only served to activate the disintegration process of the Soviet Union, but also helped to carry the sense of the collapsing empire into Central Europe. The PF (People's Front) leader said: "Just as the activity of Peter the First opened up Russia's window to the world, the popular movements of the late 80's and early 90's in the Baltic states opened up world's window on Russia."

The chief goal of People's Front—a free state—has been achieved, Savisaar said, and even though one cannot say that a civilized society has been established in Estonia, he cannot see the likelihood of accomplishing that within the current situation and means available to People's Front. And this is because "Estonia's society has ceased to be a uniform swarm of bees," the former leader of the popular movement said.

Rein Veidemann said that PF's accomplishment was getting the people ready for the right moment. Along with the realization that PF's work is done, and that it is impossible to continue it in the same vein, Veidemann's speech also conveyed criticism of those politicians who might think otherwise.

In a changed political climate, where original goals have been reached, one needs time to think things over.

Veidemann said, "Estonia needs time to take a deep breath, and each one of us needs a new credo. But progress can only be made when people unite in love, and not in hate." Veidemann concluded.

Olav Anton reviewed the work of the board during the period between the two congresses. He admitted that, after the parliamentary elections, PF has actually been in a coma. Since spring of this year, work on the board's council has also been impossible. A significant reason for that, Anton said, was that PF candidates were running on different election ballots.

#### **There Were Also Objections to Terminating Activity**

The Congress resolved to terminate the activity of People's Front, and to form a PF historical commission. A liquidation commission was also formed, and mandates extended for Olav Anton, Heinrich Valk and Oleg Kanjur, to act as PF's representatives in the Centrist faction.

The issue of terminating PF caused most of the polemics at the congress. Raplamaa delegate Uno Sihiveer said that 5,000 people could have shown up for the congress, all of them wanting to continue the activities of PF. Sihiveer said that at a time when the government is not standing up for the social needs of common people, he objects to terminating PF. Sihiveer's position caused a lot of commentary in the auditorium, which was brought to an end by an eloquent speech by moderator Heinrich Valk, who put the item up for election. The majority of those present were for terminating PF's activity, seven were opposed, and two abstained.

The basic flaw of this simply, and frugally arranged congress was perhaps the fact that, with the exception of board leadership, other delegates were not given a chance to speak. This affected part of those present, who tried to initiate discussion before the resolutions were put up for a vote. Thus, the proposal for forming a historical commission also precipitated a lively exchange of opinion.

Due to poor planning, on one hand, and the heat of the debate, on the other, an unprecedented situation arose, where the resolution on the liquidation commission and redlegation of mandates was passed before the resolution to terminate the organization.

The 'Pro Estonia' merit award, given to four individuals so far, was presented to Andrus Ooyel and Heinrich Valk. Ooyel earned his award for organizing PF security, Estonia's Home Defense and border guard. Valk received it for his inspiring rendition of PF's ideas.

Among those attending the conference were five delegates from Tartu and the surrounding district.

#### **Popular Front Legacy Evaluated**

944K0315B *Tartu POSTIMEES* in Estonian 15 Nov 93 p 2

[Interview with, and commentary from former leaders of the movement, by Vahur Made: "No More People's Front"]

[Text]

*The Fifth Congress of People's Front, that ended the activity of one of the biggest (if not the biggest) popular political movements in the history of Estonia, was held on November 13, in Tallinn. The congress was, compared to some earlier, pompous gatherings of People's Front, calm and conservative. The frugality of organizers was conspicuous. It did not allow for the duplication of the agenda or the resolutions of the congress. The congress itself was held in the trade union building, instead of the traditional town hall. Roughly 200 delegates attended.*

There were no particularly heated discussions, even when the resolutions were passed, except for the momentary stir of opinion from the audience protesting that it was premature to terminate the activity of People's Front. It was suggested that the activity of the organization could simply be suspended, subject to reviving it at some later date. Or, as the situation demands.

Ulla-Maija Maattanen, Estonian correspondent for Finland's *Yleisradio*, who witnessed the event through the eyes of a foreigner, thought that the number of people attending was surprisingly high, considering the political burnout of Estonians. She thought the last elections had shown that People's Front still had its supporters. Patriotism, that seemed to have disappeared in Estonia, could still be detected in the speeches made here.

#### **The People's Front Yesterday**

[MADE] How about the goals that People's Front set for itself at one time. Have they been met. And if so, how?

[ENN POLDROOS] The goals have been met one hundred percent. The Republic of Estonia exists, and that was our goal. A mass organization like People's Front was a crisis organization that emerged for coming up with a one-time solution to an acute problem. After all, it consisted of people who do not have a very strong involvement in politics but who, at some critical juncture, come out and join each other. As soon as the goal was achieved, the People's Front fell apart, because people returned to their daily lives and the movement lost its mass-appeal.

#### **Confrontation between People's Front and National Radicals**

[POLDROOS] Both played a very significant role in the national struggle for freedom. The Estonian Congress articulated the aims and directions of the movement very clearly. The People's Front was not able to do that. The ideas of national radicals had a direct impact on the

programmatic positions and ideology of People's Front, thus helping it avoid quite a few mistakes. The strength of the People's Front was that it had a tremendous capability for practical action. The national radicals were not particularly equipped for that.

Obviously, our step-by-step tactics brought us to our goal. The position of national radicals was, of course, everything or nothing. I am of the opinion that Estonia's restored statehood is attributable, largely, to People's Front.

[HEINRICH VALK] This quarrel was rather odd. To us, it was even tragic. It started with the hoisting of the Estonian flag from the tower of Tall Hermann on February 24, 1989. All Estonian-minded organizations had previously agreed to act together within the framework of this event. That included a joint demonstration at the Freedom Square, after the flag-raising. But, shortly before getting started, People's Front received a request from the EKP [Estonian Communist Party] Central Committee, that the demonstration be held at Toompea. Realizing that splitting up the meeting would have reduced the numbers of people braving the bitter cold, and considering also who, at that moment, held the power, we decided to comply, albeit with a heavy heart. The national radicals, however, headed by Trivimi Veliste, held a meeting at the Town Hall Square where, for the first time, People's Front was called a traitor to the cause of the Estonian people. This, we could not foresee.

But People's Front does not want to take all the credit for Estonia's independence. An equally large share of it goes to national radicals, and also to the former supreme council. If we had not had Vaimo Valjas heading the Estonian EKP, the history of Estonia would have turned out totally different. People's Front was spearheading practical tasks (local and supreme council elections, Supreme Council resolutions on the state status of Estonia, on the temporary procedure for governing Estonia, Estonia's national symbolism, getting ready for a transition to our own money, etc.)

In his speech, Rein Veidemann said that it was the constant struggle with national radicals that eroded the strength of People's Front. As far back as 1989, a strong and uniform party should have been formed on the foundation of People's Front. This need was later proven by the emergence of the Centrist Faction and its relative success.

[MADE] Was the People's Front willing to make concessions on any of the issues?

[VALK] We made no concessions to the empire. From November 16, 1988 on, Gorbachev could do nothing but void our resolutions. We were in constant conflict with the empire. We compromised on some internal political maneuvers in Estonia, which is inevitable in political life.

### The Legacy of People's Front

In his presentation, Rein Veidemann said: "Standing up for a democratic way of life, it was People's Front itself that crumbled. It was held together by its objective, and a large overlap with other interest groups. In the Summer of 1989, the movement of Estonian Citizens' Committees emerged as a competitor to People's Front. Within the People's Front itself, parties started to form out of different interest groups. Unfortunately, this was happening by way of break-up, before the interest groups could find a footing in reality. Estonia was not ready for the rise of many parties. Estonia is still not ready for it. The Liberal Democratic party that grew out of People's Front, is currently part of the government coalition, but it would not be there as an independent party. Same is true of Estonia's Social Democratic Party and Estonia's Centrist Rural Party. Neither the first, nor the second of these could obtain even a 5 percent threshold in the elections. Out of the parties spawned by People's Front, the Centrist Party has been the most successful."

[MADE] What is one to make of the departures of Ignar Fjuk and Ants-Enno Löhmus from the ranks of the Centrist party?

[ARVO JUNTI] I see it as a case of one's personal interests no longer meshing with those of public interest espoused before running in the elections. First, Ignar Fjuk, being the government's representative on the council of the privatization agency has, in a sense, been trying to approach the government coalition. It is well known that the Centrist faction had another candidate for that position and Fjuk is apparently determined to follow a different policy than that followed by the faction as a whole. The same is obviously true of Löhmus, who had already joined up with a different group for the local elections. But, one must admit, popular support has eluded him. At the parliamentary elections he received 200, and this time around, 45 votes. Thus, their interests have simply changed.

[SAVISAAR] I read about their leaving in the newspaper, and took it in with a certain measure of surprise. I have not had a chance to talk to either one of them yet.

[MADE] How would you comment on the letter that the board of the Centrist Party sent Ignar Fjuk, requesting that he relinquish his seat in the parliament after he left the party?

[JUNTI] When running for the parliament, our candidates agreed that they will all belong to the same factions and participating organizations. When shedding responsibilities assumed, one must also give up the rights that went with them. That is only logical.

[SAVISAAR] Why don't you read the letter very carefully, and then decide for yourself what was demanded and what was not.

### **Political Infighting Diminishes Privatization Agency's Effect**

944K0285A ARIPAEV In Estonian No 126, 8 Nov 93  
pp 12-13

[Observations by Margus Mets: "Privatization- Still Another Game of the Politicians."]

[Text] Throughout its two-year history, privatization in Estonia has been clogged by scandals. The first director of privatization, Andres Bergmann, was fired by the Laar Government because of personality conflicts; Liia Hanni, Chairman of the present Administration Council of the Privatization Agency, has for several times been advised by the press to resign. Politicians playing the privatization game have irked many people.

#### **Hanni Enfant Terrible Of Privatization**

Minister of Reform Liia Hanni, who also directs the Administration Council of the Privatization Agency, has lately been tied to almost every issue with which those involved with privatization have been unable to by-pass. Prior to entering politics and joining the "Moderates," the *enfant terrible* of the privatization of Estonia- as many official call Hanni- worked at the Institute of TA [Univ. of Tartu Academic] Astrophysics in Tõravere

Hanni's sympathy towards the idea of all kinds of privatization departments and vouchers is said to have originated from her husband Uku Hanni- presently working in the Ministry of Finance- having onetime been stationed in Czechoslovakia, which according to experts, as a former socialist country, has the most voucher-friendly ideology of privatization. Ardo Kamratov, a onetime Director of State Treasury, is said to have strongly influenced the thinking and positions taken by the Minister of Reform in many matters of privatization, and who was also the author of the greater part of laws in effect with present privatization.

#### **Sildmae- Representing The Capitalists of Estonia**

The fourth member of the Administration Council of the Privatization Agency, Minister of Economics Toomas Sildmae, is known as a successful entrepreneur, whose conspicuous involvement is known in Estonia's business circles for the "Finest Hotel Group" and the Joint Stock Company "Rebaco," which controls the Hansa Bank. Sildmae, having been set up on the one hand to defend the interests of the State, and on the other side being on friendly terms with Estonia's sprouting enterprises, finds it complicated to steer a middle course between wishes of the politicians and the business plans of the people involved in the economy.

The criticism of the decisions of the Privatization Agency so far by the Chief Director of the "SRV [expansion not given] Estonian Construction," Toomas Luman, who together with Sildmae is a member of the Taxpayers' Club, sums up the assessment by many young and successful businessmen of Estonia: "One gets the

impression that it is not the enterprises that are privatized, but rather the entire properties of the enterprises, because for some reason the [financial] liabilities do not go along [with the privatization], as does however, some kind of obligation to preserve jobs."

#### **Estonians From Abroad As Privatizers**

Second man of importance in the Administration Council is Jaan Manitski. His closer ties with Estonia had their beginning in the active days of Savisaar- [who] created the Friends of the Prime Minister's Economy Club- and has been involved with privatization since Andres Bergmann was removed from the position of Chairman of the Administration Council of the Privatization Enterprise last fall. Manitski, an Estonian from abroad, has had his shortcomings expressed most closely by a worker in the Privatization Agency, who wishes to remain anonymous: "He is too much of a gentleman to put a woman, Hanni, in her place for her foolishness." Based on what was said by one State functionary involved with privatization, Manitski's work as the director of the previous Administration Council must be evaluated from two viewpoints: on one hand, his natural diplomatic knowledge and experience were of tremendous help in dealing with foreign investors; on the other hand, however, the mild-mannered privatization director who wanted to please everyone could not assert himself within a project.

At present, Manitski relates to matters of privatization more as a neutral observer. Although many influential businessmen in Estonia are still haunted by the thought which for the first time was publicly expressed during the IKEA scandal last fall, that Manitski has been bought by foreign capital and he plays firms from Estonia into their hands cheaply. On October 2, 1991, the Swedish weekly "Veckans Aftaner" wrote about the Joint Stock Company "Estinvest," registered with the address of the Estonian House in Stockholm, among whose shareholders are listed Manitski, Minister of Finance Madis Uurike, as well as other well-known Estonians abroad and whose active director Kalju Piget has openly expressed the wish of the firm to acquire industrial enterprises of Estonia

The third member of the Administration Council of the Privatization Agency, Madis Uurike, did actually come to Estonia on the advise of Manitski. A nice person but known by many not to be the most competent minister or specialist, Uurike has tried to ally with Manitski in matters of privatization also

#### **Kranich- The Herald of "Izamaa"**

The fifth member of Administration Council, Heiki Kranich, known until the liquor scandal as one of the leading politicians of "Izamaa," [Fatherland] before entering politics in the last parliamentary elections worked in the Bank of Northwestern Estonia, which failed because of difficulties with payments. According

to people closely associated with privatization, Kranich is the herald who brings party orders from Toompea to downtown.

One noted businessman of Estonia reacted to Kranich's being mentioned in connection with privatization with an exclamation of recognition, "Oh, that man from the fourth dimension!" The businessman declined to give more definite explanations, but perhaps he had in mind a custom of Kranich as mentioned by one privatization worker- to observe the world and its economic affairs through his own-created, sometimes odd theories.

#### Pärnoja- A Sensible Party Member

A member of the Parliament for the "Moderates," Mihkel Pärnoja has belonged to the last two Administration Councils. Most of those who have been questioned consider him to be the most competent Council member among the politicians, who, against a backdrop of general ignorance sometimes raises pertinent questions also and makes a personal effort to fill the gaps in his knowledge.

The main drawback of Pärnoja can perhaps be found in a sentence drawn up by Minister of Economics Sildmae: "Until the time of voting by party lines- a very sensible man!"

#### Vitsur- A Functionary with The Opinion of His Superior

The former Minister of Economy Heido Vitsur, who at the last parliamentary elections led the "Kindel Kodu" (Secure Home) Party, and now is the Vice-Chairman of the Budget and Taxation Committee of the Parliament, should have plenty of experience in privatization. Yet, Vitsur is not especially valued in these circles.

"If he were allowed to think things through by himself, something would perhaps come of it, but right now he represents the typical functionary who always holds the opinion of his superior"- thus is the nature of the problem clearly and succinctly summarized by the words of one leader of privatization.

#### Unknown Agents

According to agency workers and many privatization leaders, the ERSPI representative in the Parliament, Rein Arjukene is a totally incompetent member of the Council. Arjukene is said to sometimes present most irresponsible questions, but is also to confess honestly that he does not understand the answers to them.

Administration Council member architect Ignar Fjuk has become well-known in the ranks of "Rahvarinne" [Popular Front]. People closely associated with privatization are generally sympathetic toward Fjuk. "He does not talk a lot and can always think by taking into consideration actual conditions."

The former deputy mayor of Tallinn, Eino Tamm, who is also the Vice-Chairman of the Administration Council

of the scandalous brokerage firm "Estimpeks," and Sven Tölp, head of a department in the Bank of Estonia, are members of the Administration Council, about whom no one can say anything especially good or bad.

Tölp has been away from Estonia for several months already, for educational courses, and Anne Schmidt, a lawyer of the Bank of Estonia, has been substituting for him.

#### The Main Mistake is Failure To Anticipate

In the opinion of Tarmu Ossip, who has filled the duties of Active Director from the beginning of the creation of the Privatization Enterprise until October of this year, the main mistake of the Administration Council in its present form is the failure to anticipate in its [agenda] actions. Since the membership of the Council has consisted of many politicians who have no professional education and are not the most competent in a given domain, the work has often become tangled up. "Whoever knew anything about architecture asked, for example, about the area of the property," Ossip presented as an example. "But those who did not know anything sat quietly most of the time."

"I would not say that there is bribery, but it is as clear as day that someone's interests can be protected," attests Ossip, commenting on the conducts of the members of the Administration Council. "Sometimes, when some complicated object is being sold, no one has any questions; another time, however, there is a good deal of quibbling over minor things, even, in the case of an object of no importance. Since the overall competency is low, a relatively more-knowing member of the Council can easily and inconspicuously direct others," says Ossip.

#### Three Councils- Three Styles of Work

Looking at the activity of the Privatization Enterprise from its beginning, it can actually be divided into three periods, according to the Administration Council directing things at the moment. The first Administration Council, directed by Bergmann, was able to announce actually only the first list of [privatizations] competition; then it was disbanded.

The second Administration could not, in the opinion of Ossip, realize the extent of the actual volume of work. March 22, 1993, was the deadline for the Administration Council to pronounce its decisions concerning the offers that had come in on the first stream of privatization(s). Only a few weeks before this, they woke up, and then they sat in session for 12 hours a day. Concerning this period, Ossip thinks that a positive role was played by Hillar Tuiskvere, who with his economics experience was able to stabilize the vacillating politicians.

The third Administration Council, in power at the present, began to work intensively right from the beginning. Many people closely involved in the matter do not even seem to comprehend the situation. All have become

bold and have begun to present their opinions. The problem is, however, that long and comparatively resultless discussions are held in the attempt to find the ideal model of privatization, which unfortunately does not exist. The matter is made worse by a too detailed privatization law, because all the time it has to be verified anew that there is no conflict with some paragraph.

#### Toward A New Circle

In the future, the competency of the Administration Council must increase substantially. In the opinion of Ossip, the material presented to the Council for decision should be clearer and offering fewer possibilities for differing approaches. "Excessive material should not be presented to the Administration Council, so that excessive questions would not be generated. Otherwise they will remain [bogged behind] questioning even the questions," he said.

During the next month, the Chancellor of Justice Erik Juhan Truuvala should give his opinion on the participation of members of the Parliament in Administration Council work, which in the opinion of many jurists clearly violates the principle of division of powers established by the Constitution. Informed sources maintain that the decision will be unfavorable to the politicians, and this means replacements in many other administration councils as well as changes in the Administration Council of the Privatization Agency. The privatization is again starting a new circle.

[Boxed table, under columns 1 and 2, p 13]

State Property Privatized in 1993 (Price in kroons)			
Type of Business	Number of Objects	Sale Price	Guaranteed Investments
Small Enterprise	236	168,934,816	
Large Enterprises	30	117,810,921	52,063,000
AS Tarkon			
or in share	35		
in parts	10		

#### Former Military Plant Fights For Market Share

944K0285B 1RJP-1F1 In Estonian 27 Oct 93 pp 8-9  
(via N. A.)

[Article by Taivo Paju: "Former Closed Plant Fights for Market Share"]

[Text] In January of this year, Toomas Noorem became the new Director of "Tarkon." "Tarkon," the former Tartu Control apparatus Manufactory, is the largest and most modernly equipped plant in Tartu.

The main products are "black boxes" and flight apparatus for airplanes of Russia. The plant was closed in the

summer of last year and remained closed for more than half a year. Re-opening the 1,200-worker plant was the assignment for the new director.

#### Glasnost Erupts

"Glasnost erupts," wrote journalist Ainar Ruusaar, when he saw the "black boxes" in the Tartu Control Apparatus Plant in the summer of 1989. Apparently he was the first journalist to visit the plant after the war. Until then, the plant had been top secret; it did not even have an address. Mail [received] was designated only "Mailbox no..." That is how the plant was called even among people. "Although there was really nothing too secret. Actually, here were manufactured tape recorders, which recorded flight information. It is a different matter that these self-recorders or 'black boxes' are not destroyed in sea water or fire and remain intact even when they fall onto asphalt from a height of ten kilometers," related the plant workers.

In addition, the "mailbox" manufactured also vegetable graters, television antennae and amplifiers, testers, and other things. "The factory with its munitions status was useful to the plant; thanks to that, the workers here had many benefits such as higher pay, frequent renovation of the parking lot," asserted the Director of Administration Tiit Pargmäe.

The equipment enables manufacturing details with micrometric precision. The two areas of the plant encompass almost a whole section of the city. The plant has its own boiler house [i.e. central heating plant], and the best cleaning equipment in Tartu (if not in Estonia).

#### The First Impression Is Sad

During the old regime everything was simple: raw materials were brought from Russia, and the finished product went back to Russia. Only the giant planes "Ruslan" and "Maria" do not fly with Tartu apparatus; all other Russian airplanes have on-board apparatus made in Tartu.

After Estonia became independent again, and also because of the decline of economic situation in Russia, buying of the apparatus decreased; bureaucracy, however, increased. Even in February of 1992, the leadership of the plant at that time hoped that things would get better, but in July of the same year the plant closed altogether.

In the fall of 1992, the new management began work under the direction of Raivo Tamkivi, who has a university degree in physics. The management advertised for a plant director and named Toomas Noorem to fill this position.

"When I began to work, the first goal was re-opening of the plant," related the Director. "and this has been accomplished. The first impression of the closed plant was sad enough. The plant was cold and dirty, but reopening was easier than could have been thought."

At the same time, Noorem confessed that unfortunately each day brings new problems. Technology has aged morally and physically in many areas.

#### The Director Started With The Team

The Director of Development Villu Erlich immediately began work alongside Tõnu [typo, should be Toomas] Noorem, and Administration Director Tiit Pargmäe, and Director of Finance Ants Truu have also worked in the plant for a month. The former director has left the plant, but most of the former administration remains. The Director confessed that a properly working team has not yet been achieved.

The moods existing among the workers are shown by even this, that in some departments, pictures of Lenin are still on the wall. The changes seem to be happening faster in Moscow than in Tartu.

"Knowing the complexity of the aircraft program, we started out with the old team. Some new people have come on board. But unfortunately the thing is starting to exhaust itself; at present, the makeup of the plant is being changed," said Toomas Noorem.

The leadership is planning to change the giant plant. Subsidiary firms are being created, which would fulfill independent programs. The previous leadership was strictly against this. Their reason was that with splintering, the work rhythm of the plant could not be guaranteed.

"This has indeed been said, but today it is even more regrettable that the plant has not been broken up," maintained Noorem. "I am very convinced of this and will not abandon this view. Those firms which have given best proof of themselves are the ones where on the principle of a concern, the firms are divided into a main and subsidiary enterprises. Each division is financially responsible for its own work. The highest management is not solely responsible for the work."

Raivo Tamkivi, Chairman of the Board that is shaping the development strategy of the plant, is of the same opinion: "The plant must be re-structured. To begin with, secondary divisions have to be removed from the production area; for example, the kindergarten and dwelling houses, and also auxiliary services, such as the carpentry shop. Production of aviation technology could form one organization."

The goal of splintering is not the physical destruction of the plant but bringing motivation and accountability downward, affirmed the management. "We will even give five men the opportunity to form their own unit. In this respect, it is perhaps not correct to say that the plant is being destroyed; rather it involves the removal of scale in the boiler," opined Director of Development Villu Erlich.

#### The Opposition

So far, the plant workers have demonstrated very little interest toward the innovations. Number one problem is the scarcity of competent people which originates from not knowing the language of the country in which one lives. Until now, dealings were only with one concrete market which presupposed knowing only one language.

To the question of how many people are there on the Director's team on whom he can rely in a difficult moment, Toomas Noorem answered: "Adequate. However, there is also sufficient opposition. Today there are still many who think that nothing needs to be done. No one who wants and knows how to work will be chased away from here. Those who work against, and do not want to understand the development of progress must leave."

#### The "Black Box" Alone Does Not Help

So far the plant had specialized in the production of only one technology- the technology aboard the aircrafts. Today the management is convinced that the plant should have several projects in production, because otherwise the dependency on one market is too great. At the end of the summer, orders for aircraft apparatus for Russia decreased, and because of this, the plant again has financial difficulties. At the same time, the reputation of the Tartu plant is good in Russia, orders for Russia for next year have increased nearly by a third.

There is hope that "Tarkon" will be able to remain on the Russian market at least for now. The airplanes produced in the SRU [Alliance of Socialist Nations] are used also in Eastern Europe, China, India, the Arab countries; and apparatus is also exported everywhere by the Tartu plant. Collaboration continues also with the aircraft plants of Czechoslovakia and Poland. The average lifetime of an airplane is 25 years: the apparatus has to be changed every 7-8 years on the average.

Besides aircraft technology, "Takron's" second goal is subcontracting work. At present, many kinds of components are made for Swedish firms; single orders have been filled also for Finland and Germany. "Development of joint work with Western firms takes time; even under best conditions it cannot be accomplished in less than a year. But contacts have started to be formed only this year, after the new leadership began work," said The Director of the Board, Raivo Tamkivi.

Presently many new projects are in the process of being studied thoroughly, with the goal of restoring the traditions of the former Tartu Telephone Factory. Whether "Tarkon" will produce mobile telephones [?car phones], pay phones, or something else is still too early to say. So far, the plant's pre-war partner "Ericsson" has not shown interest in collaboration.

Under discussion as possible productions have been also very sensitive stethoscopes, aviation technology for

small planes of Russia, "black boxes" for subway trains; however, the management has not said anything definite about these ideas.

The management of "Takron" believes that the firms of Estonia have to quickly achieve cooperation among themselves. "This means that each firm must establish exactly what it stands for, what kind of production it is capable of, and what it wants to make. Otherwise many enterprises that have been able to get into the foreign market will be pushed aside, because competition in the world is very tough," asserted Noorem.

#### **Now One Has To Swim For Himself**

Clearly it is not wrong to compare "Tarkon" to a kitten that has been thrown into the water. It is very difficult to compare the new situation with the old. Earlier, there was nothing in the world as certain as var production. Today, "Tarkon" is one of the many plants on the world market competition, and for how long Russia will be buying "black boxes" from Tartu depends on the know-how of "Tarkon's" management to work on this market.

On one hand, the correctness and quality of the work speaks in favor of Tartu. On the other hand, the interests of Russia to, nevertheless, produce essential aircraft technology in her own country can be understood. The production of small airplanes is developing in Russia, but no one can as yet say exactly, what kind of small planes will be produced and what kind of apparatus they will require.

At the same time, the plant cannot continue the manufacturing of only one product. If some kind of a shake-up happens on the market, it could mess up the work of the whole plant. There is the painful experience from last year. It is not so simple to find a new product that will do well on the European market. At the same time it is very difficult to change the attitude and understanding of the workers. "We must yet invest much in education and the re-training, in order to reach the goal- to be the best enterprise of Tartu."

[Boxed item above columns 1 and 2, p 9]

#### **RAS [Government Joint-Stock Company] TARKON**

**Formed December 1, 1992, replacing the former Tartu Control Apparatus Plant 1,200 workers (in 1987- 2,900 workers) Main production: Aircraft "black boxes" and on-board apparatus Director: Toomas Noorem**

#### **Board of [Directors] RAS Tarkon**

Raivo Tamkivi- Chairman, Director of Tartu Science Park Development Firm Natalia Martjanova- Vice Chairman, Ministry of Economy Ants Pilviny- Director of Development of "Dvigatel" Anno Aloe- Acting Director of Estonian Electro-technology and Electronics Manufacture Ljudmila Rjabova- Deputy Director of Social Bank of Tartu Valter Helimets- Plant Representative Ain Veski- former Group Project Director of "Mainor Baltic Group"

#### **Business Prospects with England Encouraged**

**944K0316A Tallinn THE BALTIC INDEPENDENT  
in English 12-18 Nov 93 p 8**

[Text] The Estonian embassy in London is beginning a large-scale campaign in Britain to increase awareness of Estonia as a trade and investment location. Riivo Sini-jarv, Estonia's Ambassador to the United Kingdom, describes the campaign.

*Q: How would you summarise your first six months as Ambassador to the Court of St. James?*

A: Interesting, enjoyable and on balance a success. The presence of Estonia in the London diplomatic world has substantially helped increase international awareness of both the Estonian people and the tremendous investment possibilities in Estonia. On the economic side, I have capitalised on the good work already done by Mr. Allan Sepp in his capacity as economic counsellor in London. Using my business experience and his excellent knowledge of the British market we have developed an economic strategy which will enable us to actively promote Estonia as an investment location to the British.

*Q: Could you outline this strategy?*

A: Our economic strategy which has been developed in conjunction with the Ministry of Economy has one goal—to increase the level of Estonian-British trade and investment. To achieve this we are adding to our reactive strategy, where we wait to be approached by British companies interested in trading with Estonia and beginning a pro-active strategy where we will approach potential British investors and traders and make them aware of the many opportunities in Estonia.

The first stage of this campaign, which begins at the end of November, involves increasing awareness of Estonia to those companies within Britain who may be interested in trade. To achieve this the embassy is distributing 2,500 copies of the 16 page article "Estonia: Forging a Path to Prosperity," which appeared recently in *News week*. The fact that the article gives an up to date, professional outline of the trade and investment possibilities in Estonia was too great an opportunity to miss and the decision was taken at the embassy to prepare a publicity package. This will consist of the above *News week* article, a copy of *The Baltic Independent* and an introductory letter from myself. Each publicity package is being directed toward a company specifically interested in trade and investment with Central and Eastern Europe

The important thing to remember is this: the world recession is ending and international investment capital is becoming available again. It is utterly essential that Estonia gets as much of this capital as possible.

*Q: Awareness of Estonia is fine, but alone it does not ensure business?*

**A:** Exactly, that is why the second stage of the campaign is critical. Hopefully the initial stage will generate a large level of interest. These responses will have to be dealt with effectively, otherwise the potential Estonian business will disappear to other countries.

Stage two involves marrying each British interest to Estonian companies capable of meeting their needs. This involves effort not only at the embassy but also within companies in Estonia.

**Q:** What is required of Estonian companies?

**A:** Managers of every Estonian company should look at their product and ask one simple question. Is there a market for our product in Britain? If the answer is yes (as it almost certainly must be) then all problems must be overcome. Further, as the English language is clearly now the language of international business in Estonia, Britain is a logical place for Estonian companies to look to trade.

When British companies send enquiries to Estonian companies you can be almost certain that they are sending enquiries to several other countries also. Estonian companies must reply professionally and, wherever possible, indicate prices and other details such as the name of an English speaking manager. I believe a major reason that so little trade is done with Britain at the moment is due to this lack of good communication.

Also, Estonian companies should inform the embassy of their existence. I would be delighted if every Estonian company sent me a simple letter indicating, in English, what product it sells, their name, address, fax and telephone numbers and the name of an English speaking manager.

**Q:** How should Estonian companies prepare for business with Britain?

**A:** They should better utilise the economic services available at the embassy in London. Everyone at the embassy has business and economic experience. Companies should contact the embassy and ask for help, we can identify British companies interested in trade and also help Estonian companies prepare for business trips to Britain. Our team is here to help.

#### **English Language Teaching Replaces Russian**

944K0316B Tallinn THE BALTIC INDEPENDENT  
in English 12-18 Nov 93 p 10

[Article by Jonathan Barne]

[Text] More and more Estonians are learning English as their first foreign language now that 'the second mother-tongue,' as Russian was dubbed during the Soviet occupation, is no longer compulsory in schools.

At present, secondary schools decide for themselves whether Russian, English, French or German will be taught as the school's first foreign language. The trend at

the moment is for schools to choose English, said Mart Rannut, head of Estonia's Language Board.

"But a school's decision is often dictated by economic factors," said Mr. Rannut, adding that many schools still take Russian for lack of materials and staff to teach other languages.

In response to the growing demand for English teaching, several organisations have become involved in Estonia, aiming either to provide teachers and materials or to help train local teachers.

The British Council has established language resource centres in all three Baltic States. The centres provide a library of teaching materials for local English teachers as well as a consultancy service and are initiating a number of programmes to help teachers improve their skills.

"There are still not enough [English] teachers to meet the demands of the state system," said Colin Campbell, the British Council's language consultant in Estonia.

As part of the British Council's programme, a number of teachers from Estonia were sponsored to go to Britain to receive training. "These teachers are now instructing other local teachers in the methods. the second wave of teachers go to England at the start of the new year," Mr. Campbell said.

Juri Orn, head of the education and psychology department at Tallinn's Teacher Training Institute, said that teachers trained under the Soviet system found it difficult to adapt to new teaching ideas. "There's a real lack of interaction between the teacher and the pupils. The basic teaching technique in the past has been reading from a book."

This sentiment was echoed by Kadri Agarmaa, the first Estonian to be trained as a teacher by International House, a non-profit English teaching organisation. "One of the problems with Estonian teachers is that they are quite conservative, especially in the secondary schools," she said.

Ms. Agarmaa added that her experience of different teaching styles has impressed on her the need to adapt techniques to the national characteristics of those being taught. "Few Estonians are very communicative, which makes eliciting conversation very difficult."

Mr. Rannut said he did not think English would ever completely replace Russian as Estonia's second language, due to the shared border with Russia and the presence of a large Russian-speaking population in Estonia.

"I hope to see Estonia tend towards multilingualism rather than bilingualism," Mr. Rannut said.

**Law On Enterprises Criticized As Ineffective**

*944K0286A Tallinn ARIPAEV in Estonian No 122, 29 Oct 93 pp 12-13*

[Article by Karmo Kaas: "Freedom of Creativity Exists in Business - Laws Regulating Enterprises Are Either Absent or Contradictory"]

[Text] In order to regulate the activity of enterprises, the state can define, by means of laws, the legal interrelations of an enterprise with other firms, with the proprietors and the government, as well as implement laws governing taxes and labor relations. The legal interrelations of enterprises in Estonia have been regulated by an administrative law on enterprises, enacted four years ago. This law leaves it up to the government to regulate most of the legal interrelations of enterprises.

"The enterprise law effective at the present time does not regulate anything, it only makes a declaration," asserted Liina Tõnisson, deputy chairperson of the Parliament's economics and agricultural commission. Four years ago, when the law on enterprises was passed, it was simply meant to announce that private enterprise was permitted and only general principles were put into place. "The current incidents of corruption that have come to light in Estonia have been made possible mainly by the lack of an appropriate law on enterprises," Tõnisson noted.

In the words of Jaak Kirikal, legal director of EVEA, what is needed for promoting business is an up-to-date enterprise law, which defines the interrelations of the proprietor and the enterprise, the types of enterprises, the basis for their establishment, and the discontinuance of their operations.

According to Tõnisson, because of the absence of a new law on enterprises, a corporate law that has been drafted cannot be passed. This is an immediate obstacle to economic development, because we are lacking all kinds of laws establishing the rights and obligations of corporations, and their potential in market participation. The rights of the shareholders of corporations are unregulated, which in turn restricts investments. "If, at the present time, the legal problems of a corporation had to be resolved at court, we could truly not say on what the court could base a decision," said Tõnisson.

**Law Does Not Protect Foreign Capital**

Toomas Luman, chairman of the board of the Estonian Alliance of International Enterprises (REEL), also emphasized that the absence of a law on enterprises does not restrict the daily activity of an enterprise so long as there are no disputes among proprietors, or other legal problems which require resolution. However, the absence of a law on enterprises directly inhibits foreign investments in a firm because the potential foreign shareholders do not consider their capital to be protected solely by government regulations.

In Jaak Kirikal's estimation, the creation of enterprises has become comparatively easy. The only hindrance

could be some bureaucratic impediments of local governments. The removal of these impediments is, however, only a matter of time, as the local governments will come to the conclusion that without promoting business there will not be any progress. Nevertheless, right now in some townships and cities there appears to be arbitrary action taken by officials and corruption, geared toward personal profit from business development.

According to Kirikal, the relative simplicity in creating new enterprises has raised a question as to whether this has been made too easy. In Estonia, a corporation can be formed with very small share capital and registered with a discretionary address. This way, conditions are created for the formation of a corporation for performing a single transaction, for defrauding one's partners, for evading taxes, etc. For this reason a lot of people favor raising the amount of share capital required. On the other hand, Kirikal feels that this is not right because it would impede nascent entrepreneurs and the development of the entire entrepreneurial industry.

He remarked that in order to counterbalance the limited trustworthiness of firms, their specific economic indicators should be made public. With the creation of public corporations, the interest of potential investors will doubtless grow for the previous activity and connections of the management of a firm being formed as well as for its business plans.

**Labor Legislation Is Left Wing**

In the opinion of Toomas Luman, the labor legislature physically includes almost all the necessary laws. However, the body of laws coordinating relations between an employer and an employee is excessively left wing, favoring the employee, and in certain instances leaving the employer unprotected. The laws do not regulate instances where an employee breaks the employer's rules, steals his know-how or his materials. At the same time, unemployment support in cases of a reduction of the work force has been severely overstrained. "In certain cases, unemployment insurance payments equal the amount of eight months' average salary," noted Luman. The payment of such amounts of unemployment insurance is unreasonably burdensome for an enterprise that is in a poor economic condition and has to reduce its work force.

According to Luman, the drawback for legislature regulating labor relations is also the fact that numerous provisions in the law allow various ways of interpretation, or they refer to nonexistent laws and to points of law that can be interpreted in various ways.

**Bureau of Internal Revenue Can Be Managed More Effectively**

As explained by the chairman of the board of REEL, a curious situation has developed in connection with tax laws, in which the new tax regulating law is not effective, in which the new sales tax law is effective, and in which a new income tax law does not yet exist. We do not have

a system of laws, conforming with each other, which is the reason why the entire tax legislation is rather confusing and contradictory. The varied interpretation of laws is also facilitated by an incorrectly worded text of the law.

In referring to tax laws, mention is often made of the poor quality of laws, which impedes the effective collection of taxes. "In my opinion, it is rather a question of the poor work done by the tax collection offices, which is caused by objective as well as subjective circumstances," explained Luman. As an objective circumstance, we must consider the poor economic conditions of the country which give rise to a lack of technical and material provisions for the bureau of internal revenue and for the economic enforcement officers. The subjective circumstances have to do with the management of the bureau of internal revenue and the Economics Ministry, which could be considerably more effective.

According to Luman, the problem also springs from the fact that internal revenue officials do not dare to search for and demand payment of taxes from firms that have not been registered with the bureau of internal revenue, because they are fearful of their health.

#### Government Should Create Favorable Conditions

According to Ilmar Pärtelpoeg, member of the Parliament's economics and agriculture commission, members of Parliament do not initiate or organize the drawing up of general drafts of law. "These tasks should be effected by the ministries. If some needed laws are missing, it is largely because Parliament has nothing to pass," said Partelpoeg. According to his data, there have been, over a long period of time, ongoing arguments between different ministries regarding the final drafting of a new law on enterprises, which is urgently needed by Estonia at this time. It is not yet known when this project will reach Parliament.

As indicated by Pärtelpoeg, government has an obligation, in addition to safeguarding the lawful operation of enterprises, to create also the most favorable economic conditions possible. The simplest way to achieve this would be to support concrete spheres of business by means of subsidies or tax incentives.

The economic and agricultural commission, according to Pärtelpoeg, is attempting to consider many of the incentives for small business in conjunction with the drafting of the income tax law, which is being discussed in Parliament. One of the incentives might be changing the income tax base, which would take into consideration the investments made for the formation and development of an enterprise. According to this principle, the amount invested in an enterprise that is income tax free would be increased.

According to Jaak Kirikal, the general principle for drafting laws regulating enterprises should be that laws should specify cases in which a certain concrete activity is prohibited. "Enterprises should be guided by the

knowledge that unless something is prohibited by law, it is permitted," noted Kirikal.

#### Russian Exodus Leaves Major Void in Labor Market

##### Departure May Leave Void

944K0281A Tallinn THE BALTIC INDEPENDENT  
in English 5-11 Nov 93 p 3

[Article by Lisa Clifford and Douglas Herbert: "Russians' Departure May Leave a Void"]

[Text] The skilled, highly educated Russians who are leaving Estonia will be missed because there are not enough qualified Estonians to take their places at the moment, said several prominent Estonians, writes Lisa Clifford.

Vladimir Gogounov, manager of the foreign relations department at the state-owned Estonian Shipping Company, said the number of Russians leaving his company is now starting to decline. Over the last three years, he said, about 1,000 Russians have left the company to either return home or, in the case of the largest percentage, to work on foreign ships for more money.

Unfortunately for the Estonian Shipping Company, many of the Russians who left Estonia were highly skilled captains, navigators and engineers. Mr. Gogounov said his company feels the loss of the Russians because there are few qualified Estonians to do their jobs.

"There is no staff that can replace these Russians at the moment," Mr. Gogounov said. "It is mainly our chief officers who are hard to replace, but it is difficult to say what will happen in the future."

Many Estonian seamen are attending a sea education training school to bring their skills up to the standards of the Russians they are hoping to replace, said Mr. Gogounov. But the course lasts for five or six years so it will be four years before they are finished. In the meantime, Mr. Gogounov said there is a gap at Estonian Shipping that will not be filled in the immediate future.

Klara Hallik, a senior fellow at the Institute of Philosophy, Sociology and Law in Tallinn, said there are various reasons why an estimated 15,000 to 20,000 Russians have left Estonia this year. She thinks many Russians felt they lost their country when Estonia declared its independence in 1991.

"Mentally they couldn't accept all the changes," said Mrs. Hallik. "They became the minority in a 'little nation' like Estonia."

Mrs. Hallik said many Russians who found the Estonian culture strange and unfamiliar tended to retreat into the Russian culture network. She said this is especially true

in the northeastern part of the country where it is often easier to integrate into Russian life than into the Estonian community.

The general director of the Estonian migration department, Andres Kollist, thinks Russians who cannot adapt to life here and who are against Estonian independence and the changes that have occurred should be encouraged to leave the country.

He thinks approximately 20 per cent of Russians living in Estonia liked their lives better during the Soviet occupation.

"People who are against Estonian independence should not be made to live here," Mr. Kollist said. "It is bad for stability in Estonia and the whole region."

Mrs. Hallik said many Estonian politicians agree with Mr. Kollist that the Russians should leave Estonia, but she thinks many Russians are here to stay and a hostile attitude towards them will make Estonia a divided society. She said it is possible for Estonians and Russians to live side by side despite the many cultural differences they must overcome.

"Estonians have experience living together with Germans and Swedes so it is possible to accept Russians and Estonians together," Mrs. Hallik said. "But Russians have to forget they belonged to the 'great' Soviet empire."

Andres Kollist said Russians who return home may be surprised that their new lives in Russia aren't much easier than life in Estonia. He thinks Russia will have problems finding places for the newly arrived workers.

"Fifty per cent of Russians in Estonia are thinking about moving back to Russia," said Mr. Kollist. "And Russia is doing practically nothing for these people."

Despite the problems Russia faces with the new arrivals, Mr. Kollist said remigration is still beneficial for Russia and potentially harmful to the Estonian economy, as Estonia loses qualified Russian workers and the taxes they pay.

Mr. Kollist sees the numbers of Russians returning home diminishing over the years as they adapt to the new political and economic situation in Estonia.

#### **Exodus From Estonia No Reason for Euphoria**

944K0281B Tallinn THE BALTIC INDEPENDENT  
in English 5-11 Nov 93 p 3

[Text] The precipitous rise in the number of Russians leaving Estonia is a temporary phenomenon spawned by sagging morale and a sense of exclusion, a cross-sampling of opinions within the Russian community suggests, writes Douglas Herbert.

"Those who are leaving now, those in the first wave of migration, are mainly Russians who arrived recently and who have not yet established firm roots here," said

Nikolai Yugantsev, chairman of the non-elected Russian Assembly, and a lifetime resident of Estonia. "In the next three years, as this initial wave tapers off, the rate of migration will lessen."

Migration officials estimate that of the 80,000 Russians who have opted to resettle on their native soil since Estonia declared its independence in 1991, nearly 35,000 have done so in the past year. Mr. Yugantsev predicted that next year the Russian outflow will diminish substantially, leveling off at around 10,000.

Sergei Sergeyev, editor of the hardline Russian-language daily, *Molodyozh Estoni* (*Estonian Youth*), agreed with this assessment. He said that a majority of migrants are individuals and families who feel disenfranchised from the mainstream of Estonian life after failing to acquire an apartment or other property of their own.

If current trends were to continue, Russians would comprise only a negligible share of the Estonian population by early in the next millennium. But Russians tend to characterise such prognoses as unduly alarmist, and caution against jumping to hasty conclusions. Some even question the motives of those who remigrate.

"I'm not for or against my compatriots who choose to leave," said a middle-aged woman who identified herself only as Regina, as she queued up at the back door of the Russian Embassy in Tallinn. The site has become a twice-weekly congregation point for Russians and others seeking documentation and other information pertinent to their repatriation to Russia.

Regina, a railroad worker in Tallinn, said she had come to inquire about procedures for visiting family in Russia. As she waited, she looked with mild reproval at those ahead of her in the queue. "I don't think it is necessary for anyone to leave," she asserted. "I ask myself: what good does leaving do?"

Some, however, can provide a ready answer. Many of the departees are uniquely qualified specialists and respected members of the "intelligentsia" who are being enticed, analysts claim, by the prospect of better jobs at higher salaries in either Russia or the West.

In the short term, this brain drain may threaten to jeopardise specialised sectors of Estonia's labour force that became the virtual province of Russians in the Soviet era. Under Stalin, in the 1940s and 1950s, tens of thousands of Russians poured into Estonia to assume positions in the upper echelons of defence, industry and government from which Estonians were largely excluded. Many have remained ever since.

"If these qualified people begin to leave, that will certainly hurt Estonia," Mr. Yugantsev claimed, referring to the latter-day descendants of these migrants. In the years of Soviet hegemony, he said, the Russian population worked on higher levels of industry than Estonians

"With their departure," Mr. Yugantsev said, "it will become necessary to raise a new generation of Estonians" endowed with the technical expertise to take over where the Russians left off. He claimed this transitional period will last anywhere from 10 to 15 years depending on the pace of re-education.

Faced with the spectacle of the departure of thousands of their compatriots, Russians who choose to stay in Estonia tend to exude an uncanny sense of calm about their own futures.

"I have lived here for 30 years and couldn't at this point imagine myself living in Russia," said Irina Dudna, who serves as deputy director of the Russian Theatre in Tallinn. "Many Russians here like it more, and when they consider all the instability in Russia they decide they don't want to leave."

A staunch proponent of multiculturalism, Dudna said she feared for a future in which her theatre would play to empty audiences—or not play at all. "We try to resurrect the Russian classics and perform an array of spiritually rich plays, but I fear that our base of spectators will continue shrinking from one generation to the next."

## LATVIA

### Draft Law on Citizenship by Latvijas Cels

944K0229A Riga V SAEIME I KABINETE  
MINISTROV in Russian No 18, 27 Oct 93 pp 2, 3

[Draft Law developed by a working group of Latvijas Cels: "Latvian Republic Law on Citizenship"]

### [Text] Latvian Republic Law on Citizenship

#### Section 1. Affiliation with Citizenship in the Latvian Republic and Ways of Receiving It

##### Article 1. Affiliation with Citizenship in the Latvian Republic

The following are citizens of the Latvian Republic:

(1) persons who belong to the set of citizens of the Latvian Republic and former citizens of the Latvian Republic on 17 June 1940 plus the descendants of these people who have been registered in the established manner and recognized as citizens of the Latvian Republic;

(2) children whose mother or father, at the moment of birth, was a citizen of the Latvian Republic;

(3) children born in the Latvian Republic whose parents are unknown, if there is no certification that these children are citizens of another state.

##### Article 2. Equality of Citizens of the Latvian Republic

Citizens of the Latvian Republic are equal in their rights and duties regardless of how they received their citizenship.

##### Article 3. Right To Retain Latvian Republic Citizenship upon Marriage

When a citizen of the Latvian Republic is married to a foreigner or stateless person, this does not change their citizenship.

##### Article 4. Retention of Citizenship in the Latvian Republic by Persons Who Are Living Outside Latvia

Residence of citizens of the Latvian Republic abroad, regardless of the length of the stay, does not entail loss of citizenship in the Latvian Republic.

##### Article 5. Protection of Citizens of the Latvian Republic Abroad

Outside the Latvian Republic citizens of the Latvian Republic are under the protection of the Latvian Republic.

##### Article 6. Citizens of the Latvian Republic Cannot Be Turned over to Foreign States or Expelled from the Country

The Latvian Republic does not turn its citizens over to foreign states, with the exception of cases envisioned in international agreements.

A citizen of the Latvian Republic cannot be expelled from Latvia.

##### Article 7. Dual Citizenship Is Not Permitted

When a person is granted citizenship in the Latvian Republic, dual citizenship is not permitted.

#### Section 2. Conditions and Procedure of Naturalization

##### Article 8. The Right To Receive Citizenship in the Latvian Republic by Naturalization

At his request a person may be granted citizenship in the Latvian Republic by naturalization.

##### Article 9. Naturalization Quotas

Citizenship in the Latvian Republic by naturalization is granted individually by the Cabinet of Ministers in conformity with annual naturalization quotas.

Naturalization quotas for each successive year are determined by the Cabinet of Ministers, guided by the demographic and economic situation in the country and to ensure the development of a national state with a single community in the Latvian Republic, and are ratified by the Saeim.

In addition to annual naturalization quotas, citizenship may be granted on an individual basis to the persons mentioned in Article 11 of this Law.

#### **Article 10. Conditions of Naturalization**

Citizenship in the Latvian Republic by naturalization is granted only to persons:

(1) whose permanent residence has been Latvia for at least 10 years at the time that they submit their application.

Study, regular service in the army or other armed formation, and protracted work trips outside Latvia do not prevent application of the conditions of this Article relative to time lived in Latvia.

Conditions relative to time lived in Latvia do not apply to the persons mentioned in Article 11 of the present Law:

(2) who speak the Latvian language on a conversational level. This condition does not apply to persons over the age of 65.

The procedure for checking knowledge of the language is determined by rules ratified by the Cabinet of Ministers;

(3) who know the basic provisions of the Satversme [Constitution] of the Latvian Republic.

The procedure for checking this knowledge is determined by rules ratified by the Cabinet of Ministers;

(4) who have a legal source of existence.

(5) who have renounced their previous citizenship or are stateless;

(6) who have given a solemn pledge of allegiance to the Latvian Republic;

(7) to whom the restrictions on naturalization mentioned in Article 14 of the present Law do not apply.

#### **Article 11. Privileges Granted in Naturalization**

In addition to the annual naturalization quotas, citizenship on an individual basis may be granted to persons

(1) who have at least one relative of the second degree of kinship on the ascending line who is a Latvian or Livonian, if these people are living in or moving to a permanent place of residence in Latvia, as well as the spouses of these people;

(2) who according to Article 1 of the 23 August 1919 Law on Allegiance could have claimed Latvian citizenship but did not exercise this right, and descendants of these persons who are permanent residents in Latvia;

(3) who came to Latvia legally and were living here permanently in June 1940, and descendants of these people who are living permanently in Latvia.

The conditions of this point do not apply to persons who came to Latvia in accordance with the 5 October 1939 Mutual Aid Pact between Latvia and the USSR;

(4) who were forcibly moved to Latvia by the German occupation regime in 1941-1945 and remained in Latvia after this occupation regime was eliminated, and descendants of these persons who are permanent residents of Latvia at the moment that this Law takes effect;

(5) who have been married to a citizen of Latvia for at least 5 years if they have been a permanent resident of Latvia for at least 3 years at the time the application is made;

(6) who are granted citizenship by decision of the Cabinet of Ministers for special services to Latvia.

#### **Article 12. Preferential Rights to Naturalization**

Within the framework of the naturalization quotas, persons born in Latvian territory have preferential rights.

When granting citizenship by naturalization the number of years lived in Latvia is taken into account.

#### **Article 13. Naturalization of Children**

The minor children of persons being naturalized receive Latvian citizenship along with them. This applies to adopted and illegitimate children as well.

#### **Article 14. Restrictions on Naturalization**

Citizenship is not granted to persons who

(1) fought by unconstitutional methods against the independence of the Latvian Republic, the democratic parliamentary state system, or the existing state authority in Latvia, if this has been determined by a court;

(2) were sentenced to incarceration for at least 1 year for commission of a serious crime and this criminal record has not been removed, or who at the moment that the question of granting citizenship is being decided can be brought to trial on criminal charges;

#### **Draft Law on Citizenship by Equal Rights Faction**

944K0229B Riga 15 SAJIME TAKA 1993 //  
MINISTROV IN RIGA 18.07.93 pp 3-4

[Draft law submitted by the Equal Rights Faction on 21 September 1993: "Latvian Republic Law on Citizenship"]

#### **[Text] Latvian Republic Law on Citizenship**

The Latvian Republic

in order to ensure comity between the Latvian state and its inhabitants

striving to create a democratic, law-governed state that is oriented to progressive international legal norms

in conformity with the international bill of human rights (the general human rights declaration, the international pact on economic, social, and cultural rights, the international law on civil and political rights, and the optional protocol to the international pact on civil and political rights).

in execution of the provisions of the convention on reducing the number of persons without citizenship, which was signed by the Latvian Republic, the declaration of the rights of children, and the convention on the citizenship of married women.

by this Law defines the status of citizen of the Latvian Republic and the status of other persons in its territory.

The Latvian Republic declares its faith in the ideals of humanism and democracy and confirms the right of any person to citizenship and the right to change citizenship. No one in Latvia can be arbitrarily deprived of citizenship or arbitrarily forbidden to change citizenship. The Latvian Republic is guided by the priority of human rights and rejects any forms of discrimination arising from origin, a person's racial or ethnic affiliation, social or property status, gender, education, language, skin color, attitude toward religion, political or other views, type or nature of activities, place of residence, time of residence in the particular place, and other circumstances.

The Latvian Republic in its territory guarantees every citizen, foreigner, and stateless person compliance with human rights and the civil rights and liberties mentioned in the Satversme and this Law.

The following designations are used in the Law:

**Latvian state, Latvia, and the Republic—Latvian Republic;**

**citizenship—citizenship in the Latvian Republic;**

**citizens—persons, regardless of gender, who have citizenship in the Latvian Republic;**

**foreigners—persons who have citizenship in another country;**

**stateless persons—persons, regardless of gender, who do not have citizenship in any country;**

**naturalization—granting citizenship;**

**expatriation—voluntary renunciation of citizenship;**

**reintegration—restoration of citizenship;**

**dual citizenship—the case where one person is a citizen of two or more states at the same time**

## Section 1. General Provisions

### Article 1. Citizenship in the Latvian Republic

Citizenship in the Latvian Republic signifies a political and legal affiliation of a person with the Latvian State which is manifested in mutual rights and duties.

The Latvian State is responsible to its citizens, and the citizens of the republic are responsible to the state.

The Latvian Republic bestows political, economic, social, and cultural rights and liberties on its citizens and guarantees their exercise.

The Latvian Republic defends the interests of citizens of the Latvian Republic in Latvian territory and beyond its borders.

A citizen of the Latvian Republic enjoys the rights and duties which are granted to him by the Satversme and the laws of the Latvian Republic, and he is obligated to meet the requirements of the Satversme, laws, and other prescriptive rules of the Latvian Republic and show concern for the well-being and prosperity of the state.

### Article 2. Equal Citizenship

Citizenship in the Latvian Republic is equal for all citizens regardless of how it was received. Citizens of Latvia are equal before the law regardless of origin, social or property status, racial or ethnic affiliation, gender, education, language, skin color, attitude toward religion, political or other views, type or nature of activities, place of residence, time of residence in the particular place, and other circumstances.

The state ensures the equality of citizens in all spheres of economic, political, social, and cultural life.

### Article 3. Law of the Latvian Republic on Citizenship

The status of citizens of the Latvian Republic and the procedure for receiving civil rights are determined by this Law and the international treaties of the Latvian Republic.

### Article 4. Affiliation with Citizenship in the Latvian Republic

The following are citizens of the Latvian Republic:

(1) any permanent resident of Latvia at the time of the proclamation of the Declaration of Restoration of the Latvian Republic if he has not adopted the citizenship of another country after 4 May 1991;

(2) persons who have received citizenship in the Latvian Republic according to this Law.

### Article 5. Preservation of Citizenship in the Latvian Republic upon Entering or Dissolving a Marriage

The entry of a male or female citizen of the Latvian Republic into marriage with a citizen of a different

country or a stateless person or the dissolution of such a marriage does not entail a change in the citizenship of the spouses.

If one of the spouses receives or loses citizenship in the Latvian Republic, the citizenship of the other spouse and of children born in this marriage does not change.

#### **Article 6. Retention of Citizenship in the Latvian Republic for Persons Living Outside of Latvian Territory**

A citizen of the Latvian Republic who is living abroad retains citizenship in the Latvian Republic, regardless of the time spent there.

#### **Article 7. Protection of the Rights of Citizens of the Latvian Republic Abroad**

Citizens of the Latvian Republic abroad are under the protection and care of the Latvian Republic.

The Latvian Republic, its diplomatic representations, and officials are obligated to do everything possible so that citizens of Latvia may fully enjoy the rights envisioned by the laws of the state in which they are living; international treaties signed by the Latvian Republic and countries of residence of Latvian citizens, international legal norms and international traditions should protect, in the manner established by law, their rights and interests that enjoy legal protection, and in case of necessity take steps to restore the violated rights of citizens of the Latvian Republic.

#### **Article 8. A Citizen of the Latvian Republic Cannot Be Turned over to Another State**

A citizen of the Latvian Republic cannot be turned over to another state.

#### **Article 9. Non-Recognition of the Affiliation of a Citizen of the Latvian Republic with Citizenship in Another State**

Citizenship in the Latvian Republic is incompatible with affiliation with citizenship in another country (dual citizenship).

#### **Article 10. Foreign Citizens and Stateless Persons**

Foreigners in the Latvian Republic are persons who have the citizenship of another foreign state.

Persons who are living in the Latvian Republic but are not its citizens and cannot prove their affiliation with citizenship in another country are considered persons without citizenship (stateless persons).

The Latvian Republic takes the necessary steps to reduce the number of stateless persons in conformity with international obligations.

#### **Article 11. Legal Status of Foreigners and Stateless Persons in the Latvian Republic**

Foreign citizens and stateless persons in the Latvian Republic enjoy the legal status of citizens of foreign states. All foreigners in the Latvian Republic must respect and observe the Satversme and the laws of Latvia.

Foreigners in the Latvian Republic are guaranteed the rights and liberties envisioned by law, including the right to appeal to the court or institutions of another state to protect their personal, property, family, or other rights.

Foreign citizens located in the Latvian Republic have the right to call on the consular and diplomatic representatives of their own countries for protection.

#### **Section 2. Receiving Citizenship in the Latvian Republic**

#### **Article 12. Ways of Receiving Citizenship in the Latvian Republic**

- (1) from birth,
- (2) by naturalization,
- (3) on the basis of treaties of the Latvian Republic, and
- (4) in other ways indicated in this Law.

#### **Article 13. Citizenship of a Child Whose Parents Are Both Citizens of the Latvian Republic**

A child whose parents are both citizens of the Latvian Republic at the moment of its birth is a citizen of the Latvian Republic, regardless of whether it was born in the Latvian Republic or outside its borders.

#### **Article 14. Citizenship of a Child, One of Whose Parents Is a Citizen of the Latvian Republic**

If one of a child's parents at the moment of its birth is a citizen of the Latvian Republic and the other is a foreigner, the child is a citizen of the Latvian Republic, if it:

- (1) was born in the territory of the Latvian Republic, or
- (2) was born outside of the Latvian Republic, but the permanent residence of its parents or one of them at the time was Latvia. In this case the citizenship of the child is established by agreement of the parents.

If one of the parents of the child at the moment of its birth is a citizen of the Latvian Republic and the other is a foreigner and the permanent residence of both parents is outside the Latvian Republic, the citizenship of the child is determined by mutual agreement of the parents.

If one of the parents of the child at the moment of its birth is a citizen of the Latvian Republic and the other has no allegiance (stateless) or is unknown, the child is a citizen of the Latvian Republic regardless of its place of birth.

**Note:** 1. The citizenship of a parent who dies before the birth of the child is determined at the time of the parent's death.

2. The mutual agreement of the parents should be preserved in writing.

In case of adoption if the natural parent does not have citizenship and the adopting parent is a citizen of the Latvian Republic, the child becomes a citizen of the Latvian Republic upon reaching the age of 14, regardless of its place of birth.

#### **Article 15. Receipt of Citizenship in the Latvian Republic by a Child Without Citizenship**

A child born in the territory of the Latvian Republic receives citizenship in the Latvian Republic.

#### **Article 16. Citizenship of a Child Whose Parents Are Unknown**

Children found in the Latvian Republic whose parents are unknown are recognized as citizens of the Latvian Republic.

#### **Article 17. Citizenship of a Child Born on Board a Ship or Airplane**

The birth of a child on board a maritime or river ship or airplane belonging to the Latvian Republic is equivalent to a birth in the territory of the Latvian Republic.

#### **Article 18. Granting Citizenship in the Latvian Republic (Naturalization)**

Foreigners and stateless persons who live in Latvia for 5 years without interruption may, at their request, be granted citizenship in the Latvian Republic in conformity with this law regardless of their origin, racial or ethnic affiliation, gender, education, language, skin color, attitude toward religion, political or other convictions, and place of residence. The 5-year period does not apply to refugees of World Wars I and II who were forcibly resettled and persons who left Latvia as the result of political repression, plus their descendants.

The conclusion on the question of naturalization or refusal is given by the Ministry of Internal Affairs of the Latvian Republic. The question of naturalization or refusal of naturalization is decided by the President of the Latvian Republic.

The reasons for a refusal of naturalization must be communicated to the applicant.

#### **Article 19. Reasons for Refusal of Naturalization**

Citizenship in the Latvian Republic is not granted to persons who:

(1) call for violent overthrow of or change in the state public order legally fixed by the Satversme of the Latvian Republic;

(2) preach racial, ethnic, or religious superiority;

(3) are guilty of committing crimes against peace and humanity or war crimes in the form mentioned in the international legislative enactments mentioned in the 26 November 1968 Convention rejecting a statute of limitations for war crimes and crimes against humanity;

(4) live in Latvia and violate the Satversme and laws of the Latvian Republic, if this has been proven by a court;

(5) are citizens of another country and have not expressed a desire in the legally established manner to renounce citizenship in the other country.

#### **Section 3. Deprivation of Citizenship in the Latvian Republic and Restoration of It**

##### **Article 20. Reasons for Deprivation of Citizenship in the Latvian Republic**

Citizenship in the Latvian Republic is lost where:

(1) one voluntarily renounces citizenship in the Latvian Republic;

(2) in other cases envisioned by the law.

##### **Article 21. Renunciation of Citizenship in the Latvian Republic (Expatriation)**

Renunciation of citizenship in the Latvian Republic occurs in the manner established by this law.

The renunciation of citizenship in the Latvian Republic is not granted if the person who is renouncing citizenship has failed to perform property or other obligations that affect the interests of the state, its public organizations, or citizens.

The renunciation of citizenship is the Latvian Republic is not allowed in the case where a sentence or court judgment is going into effect against the person who is renouncing citizenship.

The renunciation of citizenship in the Latvian Republic is suspended until a hearing of the case of the person who is renouncing citizenship where the person is being brought into criminal court as a defendant.

The renunciation of citizenship in the Latvian Republic of a person who had access to state secrets is suspended until the time envisioned by the law on preservation of state secrets.

##### **Article 22. Deprivation of Citizenship in the Latvian Republic**

Citizenship in the Latvian Republic is considered lost from the moment that this fact is registered by the appropriate state structures indicated in Articles 34 and 35 of this law.

##### **Article 23. Restoration of Citizenship in the Latvian Republic (Reintegration)**

A person who previously held citizenship in the Latvian Republic may have it restored on his own petition.

**Section 4. Citizenship of Children in Cases of Change of Citizenship by the Parents and Adoption****Article 24. Change of Citizenship of Children When the Parents Change Citizenship**

If both parents become citizens of the Latvian Republic or both of them renounce citizenship in the Latvian Republic, the citizenship of their children under the age of 14 changes accordingly.

Where one of the parents of a child is known, if that parent changes citizenship the citizenship of his children under the age of 14 changes accordingly.

**Article 25. Procedure by Which Children Receive Citizenship in the Latvian Republic If One of Their Parents Receives Citizenship in the Latvian Republic**

If one of the parents receives citizenship in the Latvian Republic and the other remains a foreigner, the child may become a citizen of the Latvian Republic if the parent who received citizenship in the Latvian Republic demands it.

If one of the parents receives citizenship in the Latvian Republic while the other remains a stateless person, a child living in the territory of the Latvian Republic becomes a citizen of the Latvian Republic.

**Article 26. Retention of Citizenship in the Latvian Republic by a Child If One of the Parents Is Deprived of Latvian Citizenship**

In the case where one of the parents is deprived of citizenship in the Latvian Republic and the other retains it, the child retains citizenship in the Latvian Republic.

On the petition of the parent who lost citizenship in the Latvian Republic the child can be permitted to change citizenship.

**Article 27. Retention of Citizenship in the Latvian Republic by a Child Who Is under Guardianship**

In the case where both parents or a single parent of a child living in Latvia renounces citizenship in the Latvian Republic and does not participate in raising the child, who is under the guardianship of the Latvian Republic, the child on the petition of the parents or guardians retains citizenship in the Latvian Republic.

**Article 28. Receiving Citizenship in the Latvian Republic in the Case of Adoption**

A child who is a foreigner and who is adopted by citizens of the Latvian Republic becomes a citizen of the Latvian Republic.

A child who is a foreigner and who is adopted by a married couple, one of whom is a citizen of Latvia while the other is stateless, becomes a citizen of the Latvian Republic.

A child who is a foreigner and who is adopted by a married couple, one of whom is a citizen of Latvia, becomes a citizen of Latvia.

A child who is a foreigner and who is adopted by a married couple, one of whom is a citizen of Latvia while the other is a foreigner, becomes a citizen of the Latvian Republic by agreement of the parents.

**Article 29. Retention of Citizenship in the Latvian Republic in the Case of Adoption**

A child who is a citizen of the Latvian Republic and who is adopted by foreigners or by a married couple, one of whom is a citizen of Latvia while the other is a foreigner, retains citizenship in the Latvian Republic. On the petition of the adoptive parents the child may be permitted to change citizenship.

A child who is a citizen of the Latvian Republic and who is adopted by stateless persons or by a married couple, one of whom is a citizen of the Latvian Republic while the other is stateless, retains citizenship in the Latvian Republic.

**Article 30. Necessity of Obtaining the Child's Consent When Changing His Citizenship**

The citizenship of children between the ages of 14 and 16 may be changed in the case of their adoption where they give their consent in writing.

**Section 5. Powers of State Institutions on Questions of Citizenship****Article 31. Powers of the President of the Latvian Republic**

The President of the Latvian Republic makes decisions regarding:

- granting citizenship in the Latvian Republic to foreigners who are permanent residents in Latvia;
- granting citizenship in the Latvian Republic to foreigners and stateless persons living abroad who have submitted the appropriate petition to the Ministry of Internal Affairs of the Latvian Republic;
- renunciation of Latvian citizenship by citizens living permanently in the territory of Latvia;
- restoration of Latvian citizenship by citizens of the Latvian Republic who are living abroad if they have submitted the appropriate petition to the Ministry of Internal Affairs;
- retention of citizenship in the Latvian Republic in the cases mentioned in Article 28 of this Law;
- restoration of citizenship in the Latvian Republic.

#### **Article 32. Powers of the Structures of the Ministry of Internal Affairs**

The Ministry of Internal Affairs and internal affairs departments of the Latvian Republic:

- determine the affiliation of persons living in the territory of Latvia with the community of citizens of the Latvian Republic;
- receive applications from persons living permanently in Latvia on questions of citizenship, give conclusions on them, and transmit them together with the necessary documents for review to the Presidium of the Saeim of the Latvian Republic;
- register the renunciation of citizenship in the Latvian Republic by persons who are living permanently in Latvia.

#### **Article 33. Powers of the ministry of Foreign Affairs, Diplomatic Representations, and Consular Establishments of the Latvian Republic**

The Ministry of Internal Affairs, diplomatic representations, and consular establishments of the Latvian Republic:

- determine the affiliation of persons living permanently abroad with the community of citizens of the Latvian Republic;
- accept applications on citizenship questions from persons living permanently abroad and send them together with the appropriate documents for review by the Presidium of the Saeim of the Latvian Republic;
- register the deprivation of persons living permanently abroad of citizenship in the Latvian Republic;
- keep records of citizens of the Latvian Republic who are living abroad permanently.

#### **Article 34. Powers of the Constitutional Court of the Latvian Republic Related to Citizenship in the Latvian Republic**

The Constitutional Court of the Latvian Republic is the level at which decisions of the Presidium of the Saeim related to the determination, grant, deprivation, and retention of citizenship in the Latvian Republic are appealed. The decisions of the Constitutional Court of the Latvian Republic related to citizenship in the Latvian Republic are final and not subject to appeal.

#### **Section 6. Procedure for Reviewing Questions of Citizenship in the Latvian Republic**

##### **Article 35. Determination of Affiliation with the Community of Citizens of the Latvian Republic**

In determining affiliation with the community of citizens of the Latvian Republic the legislative enactments of the Latvian Republic and the provisions of Latvia's

international treaties in effect at the moment of determination of the person's affiliation with the community of citizens of Latvia are used.

If it is necessary to confirm the affiliation of a person with the community of citizens of Latvia, that person may submit an application to the internal affairs department at the place of residence or to the appropriate diplomatic representation or consular establishment, if the person live abroad permanently.

#### **Article 36. Procedure for Submitting Applications on Questions of Citizenship**

Applications on questions of citizenship should be addressed to the President of the Latvian Republic and delivered to the internal affairs department at the place of residence of the corresponding person; if the person lives permanently in another state they should be addressed to the appropriate diplomatic representation or consular establishment of the Latvian Republic.

#### **Article 37. Form of Applications on Citizenship Matters**

A petition for granting, restoring, or renouncing citizenship in the Latvian Republic is reviewed in the form of a written application. The following documents, witnessed by a notary or—abroad—by a diplomatic representation or consular establishment, must be appended:

- the petition of representatives of persons who have not reached the age of 18 or are incompetent on changing or retaining citizenship in the Latvian Republic;
- the applications of parents and their children to change citizenship in accordance with Article 30 of this Law, which envisions receiving the written consent of children of 14-18 years;
- the application of a parent who is retaining citizenship in the Latvian Republic concerning the petition of the second parent to deprive the child of Latvian citizenship;
- the applications of those persons who for reasons of illiteracy or physical incapacity cannot sign them

#### **Article 38. Procedure for Confirming the Choice of a Child's Citizenship**

A joint written declaration by the parents concerning their agreement as to the citizenship of the baby should be delivered to the internal affairs department at the permanent place of residence, or the diplomatic representation or consular establishment if the parents are living outside Latvia, 3 months before the birth of the child.

The declaration of adoptive parents concerning the choice of a child's citizenship is delivered in the same manner and time.

**Article 39. Procedure for Drawing up Applications on Citizenship Questions**

Applications on questions of citizenship in the Latvian Republic are drawn up by the applicant at the internal affairs department at the permanent place of residence or, for persons living abroad, at the appropriate diplomatic representation or consular establishment of the Latvian Republic.

For good reason, when personal attendance is not possible (minority, incompetence, state of health, and the like) internal affairs departments, diplomatic representatives, or consular establishments must draw up citizenship materials on the basis of applications which have been sent by mail by legal representatives or other persons.

Authorized state structures of the Latvian Republic must accept applications, complaints, and other materials relating to citizenship matters without delay and proceed to review them without delay.

**Article 40. Conclusion on a Question of Citizenship**

As the result of drawing up the application the internal affairs department or diplomatic representation or consular establishment adopts a substantiated decision on the question of citizenship.

No later than 4 months after the application is received, the Ministry of Internal Affairs and Ministry of Foreign Affairs of the Latvian Republic submit the decision (conclusion) and other materials necessary to decide the question of citizenship to the Presidium of the Saeim of the Latvian Republic.

The decision (conclusion) refusing citizenship in the Latvian Republic must provide information on the circumstances that prevent satisfaction of the petition or the lack of them.

**Article 41. Adoption of a Decision of the President of the Latvian Republic on a Question of Citizenship**

The President of the Latvian Republic issues an edict on the question of citizenship, and in the case of refusal to satisfy the petition adopts a decision.

Changes in citizenship status take effect from the moment that the President adopts the edict, if it does not give another date.

The President's edict gives the first, middle, and last names, date and place of birth, and permanent residence of the appropriate person as well as the first and last names and ages of minor children, if they are changing citizenship at the same time.

**Article 42. Period for Review of Applications on Questions of Citizenship**

The period in which applications of questions of citizenship are reviewed must not exceed 6 months.

**Article 43. Repeated Applications on Questions of Citizenship**

A repeated application on the question of citizenship may be submitted 1 year after adoption of the preceding decision. If significant circumstances arise which were unknown to the applicant, the application may be reviewed sooner.

**Section 7. Execution of Decisions Adopted on Questions of Citizenship in the Latvian Republic****Article 44. Institutions That Execute Decisions Adopted on Questions of Citizenship**

Decisions adopted on questions of citizenship in the Latvian Republic relative to citizens living permanently in Latvia are carried out by the Ministry of Internal Affairs of the Latvian Republic, while for persons living abroad they are carried out by the Ministry of Foreign Affairs, diplomatic representations, and consular establishments of the Latvian Republic.

**Article 45. Monitoring Execution of Decisions Adopted on Questions of Citizenship**

Execution of decisions adopted on questions of citizenship is monitored by the Commission of Questions of Citizenship of the Saeim of the Latvian Republic and by the Presidium of the Saeim.

**Section 8. Appeal of Decisions Adopted on Questions of Citizenship****Article 46. Appeal of Decisions Adopted on Questions of Citizenship**

Decisions adopted by the Presidium of the Saeim of the Latvian Republic on questions of citizenship may be appealed to the Constitutional Court of the Latvian Republic.

**Article 47. Appeal of Unlawful Actions of Officials in Questions of Citizenship**

Unsubstantiated refusal to accept an application on the question of citizenship, failure to comply with the period for review of applications, and other unlawful actions by official which violate the procedures for reviewing civil cases and procedures for executing decisions on questions of citizenship may be appealed by the established legal procedure.

**Section 9. Documents That Confirm the Status of a Citizen of the Latvian Republic, Foreign, or Stateless Person****Article 48. Citizenship in the Latvian Republic Is Confirmed by a Passport of the Latvian Republic**

Passports of the Latvian Republic are issued to persons who have received Latvian citizenship by the established legal procedure at establishments of the Ministry of Internal Affairs or diplomatic representations or consular establishments of the Latvian Republic.

Entries indicating citizenship in the Latvian Republic are made in the birth certificates and other documents of persons who have not reached the age of 16.

#### **Article 49. The Document Certifying the Status of a Foreigner or Stateless Person in the Latvian Republic**

A residence permit is issued to foreigners or stateless persons living permanently in the Latvian Republic at the internal affairs department at their place of residence.

#### **Section 10. Interstate Agreements**

##### **Article 50. Application of Interstate Agreements**

If conditions other than those indicated in this Law are envisioned in international treaties that have been ratified by the Saeim of the Latvian Republic, the conditions of the international treaty are applied.

Head of the Faction: Filipp Stroganov

Deputies: N. Krasokhin, L. Lavinya, M. Bekasov, A. Bartashevich, and G. Fedorova

#### **Draft Law on Nationalities**

*944K0228A Riga V SAEME I KABINETE MINSTROV  
in Russian No 18, 27 Oct 93*

[Draft of the Law of the Latvian Republic On Restoration of the Law of the Latvian Republic of 23 August 1919 "On Citizenship" Submitted by the LNIM [Latvian National Independence Movement] Faction on 13 September 1993]

[Text] The law on citizenship of 23 August 1919 is reinstated with changes and amendments in the following version:

#### **Section 1. General points**

Terminology utilized in the law.

Individuals without citizenship (stateless individuals)—persons without citizenship or a nationality.

Dual citizenship—cases when an individual is a citizen or national of several countries.

Naturalization—admission to citizenship.

Ipsa facta—legal consequences stemming automatically from a juridical fact.

#### **Article 1. Citizenship of the Latvian State**

Citizenship of the Latvian State is a permanent political-legal link of an individual with the Latvian Republic.

Citizenship of the Latvian State constitutes a conglomerate of mutually related rights and duties of the citizen and the state.

#### **Article 2. Possession of citizenship of the Latvian State**

2.1. An individual who has lived within the boundaries of the Latvian State, is a native of one of the oblasts within the boundaries of Latvia, or, on the basis of the laws of Russia, was linked with such oblasts prior to 1 August 1914 and has not acquired other citizenship before the effective date of this law, is deemed to be a citizen of the Latvian State.

Any individual who has lived within boundaries of Latvia since 1 January 1925, has not acquired other citizenship until that time, and:

- a) Has lived within boundaries of Latvia for not less than six consecutive months prior to 1 August 1914.
- b) Had permanent residence within boundaries of Latvia prior to 1918.
- c) Is a descendant of individuals mentioned in points a and b.

The rights mentioned in this point extend to individuals who, satisfying the aforementioned requirements, submitted a request to the minister of internal affairs prior to 1 February 1928 concerning the issuance of a Latvian passport to them. Rights mentioned in this point do not extend to those individuals who lived in Latvia in 1918, 1919, and 1920 and, being on active military duty, failed to report for mobilization declared by the temporary Government of Latvia.

2.2. Individuals who were citizens of the Latvian State on 17 June 1940, in accordance with stipulations of Point 2.1 of this article, as well as their descendants are citizens of the Latvian State.

These individuals confirm their Latvian citizenship by registering in the order established by the Cabinet of Ministers of the Latvian Republic in the register of residents doing so in Latvia prior to 31 December 1993 and abroad at diplomatic and consular offices of the Latvian Republic before 1 July 1994.

#### **Article 3. Equality of citizenship**

Citizens of the Latvian State, regardless of the manner in which such citizenship is acquired, are equal in their rights and duties.

#### **Article 4. Duties of a citizen of the Latvian State**

The rights of citizens of the Latvian State, including the right to obtain a passport of the Latvian Republic, are determined by the Satversma of the Latvian Republic as well as by this and other laws.

#### **Article 5. The effect of marriage on citizenship**

The entry of a citizen of the Latvian State into marriage with a foreigner or a stateless individual, as well as the dissolution of that marriage does not lead to a change in the citizenship status of the person entering into that marriage.

With the acquisition or loss of citizenship of the Latvian Republic by one of those entering into a marriage, the citizenship status of the second person in the marriage, as well as the citizenship of children born of that marriage, does not change ipso facto with the exception of those cases covered in Articles 24 and 25 of this law.

#### **Article 6. Preservation of citizenship of the Latvian State by those abroad**

A citizen of Latvia residing abroad is under the protection of the Latvian Republic.

#### **Article 7. Protection of the citizen of Latvia abroad**

Any citizen of Latvia abroad is under the protection of the Latvian Republic.

#### **Article 8. Inadmissibility of extradition of a citizen of the Latvian State**

The Latvian Republic does not surrender its citizens to a foreign country.

#### **Article 9. Dual citizenship**

A citizen of the Latvian State cannot simultaneously be a citizen or a national of another state and perform the duties of a citizen or national of another state.

If, in accordance with the laws of another state, a citizen of the Latvian State may be considered to be simultaneously the citizen or national of that state, he is regarded as a citizen of only the Latvian State in legal relations with the Latvian Republic.

A citizen of the Latvian State of full legal age, who becomes voluntarily naturalized in another country, loses the citizenship of the Latvian State.

The provisions of this article do not apply to individuals mentioned in Article 10 of this law.

#### **Article 10. Citizenship of Latvian emigrants**

In accordance with Point 2 of Article 2 of this law, citizens of the Latvian State and their descendants who, fleeing the terror of the occupational regime of the USSR and Germany between 17 June 1940 and 21 August 1991, were compelled to leave Latvia as refugees, were deported, or were unable to return to Latvia for the indicated reasons and were naturalized at that time in foreign countries, retain their right to register in the register of residents as citizens of the Latvian State, and following registration shall receive the rights of a citizen in full measure and perform the duties of a citizen providing such registration takes place prior to 1 July 1994.

### **Section 2. Acquisition of the citizenship of the Latvian State**

#### **Article 11. Grounds for acquisition of the citizenship of the Latvian State**

It is possible to acquire citizenship of the Latvian Republic by:

- 1) Birth;
- 2) Naturalization;
- 3) Other means established by this law.

#### **Article 12. Citizenship of a child both of whose parents are citizens of the Latvian State**

The child both of whose parents at the time of his birth are citizens of the Latvian State, is a citizen of the Latvian State regardless of the place of birth.

#### **Article 13. Citizenship of a child one of whose parents is a citizen of the Latvian State**

If one of the parents is a citizen of the Latvian State at the time of the child's birth, while the other parent is a foreigner, the child is a citizen of the Latvian State if he was born:

- 1) In Latvia;
- 2) Outside the boundaries of Latvia but both parents or one of them with whom the child is living, had Latvia as a permanent place of residence at the time of birth.

In the above cases parents may select the citizenship of another state (not Latvia) for the child upon mutual agreement.

If at the time of the child's birth one of the parents is a citizen of the Latvian State, while the other one is a foreigner, but the permanent place of residence of both parents is outside the boundaries of Latvia, the citizenship of the child is determined upon agreement of the parents.

If at the time of the birth of the child one of the parents is a citizen of the Latvian State while the other one is stateless or is unknown, the child is a citizen of the Latvian State regardless of the place of birth.

#### **Article 14. Citizenship of foundlings**

Children found in Latvia, whose parents are not known, are citizens of the Latvian State.

### **Section 3. Naturalization**

#### **Article 15. Basic principles of naturalization of foreigners or individuals without citizenship (stateless individuals)**

Foreigners and stateless individuals may be naturalized in accordance with this law regardless of their race, national affiliation, or sex.

The annual quota for naturalization of foreigners and individuals without citizenship is determined annually by the Cabinet of Ministers of the Latvian Republic so that it does not exceed 10 percent of the average annual natural increase in the number of citizens of the Latvian Republic in the previous year.

The quota is determined proportionally to the number of citizens in the okrugs (in regions or cities). Naturalization within the limits of the quota is carried out in an order determined by the time of registration in the register of residents. If a foreigner or a stateless individual is able to document his registration as a candidate for citizenship with the citizenship committee prior to 30 April 1990, that date is then taken as the time of registration.

If both spouses meet basic requirements for naturalization they may be naturalized simultaneously.

#### **Article 16. Prerequisites for naturalization**

Only those individuals may be admitted to citizenship of the Latvian State who:

1) Posses a knowledge of the Latvian language at the conversational level (the test is administered in accordance with statute specially adopted by the Cabinet of Ministers of the Latvian Republic);

2) Have lived for not less than five consecutive years in Latvia prior to applying for naturalization.

The time from 17 June 1940 to 1 July 1992 is not included as part of this five-year period;

3) Have obtained permission to surrender the citizenship of the country of their previous citizenship if that is stipulated by the laws of that state, or a document certifying loss of citizenship;

4) Demonstrated a knowledge of the rights and duties of a citizen of the Latvian State;

5) Obtained permission for permanent residency;

6) Taken an oath of the citizen of the Latvian State;

In order to receive the citizenship of the Latvian State it is necessary to comply with all of the requirements stipulated in this article and in Article 18 of the law.

#### **Article 17. Groups of individuals to whom certain conditions of naturalization do not apply**

Conditions mentioned in Article 16, as well as provisions of Article 15 on naturalization quotas do not apply to:

1) Minor children or other family members who are incapacitated and who are obtaining the citizenship of the Latvian State together with their parents (adoptive parents), guardians, or foster-parents;

Provisions of Point 1 of Article 16 of this law apply to minor children up to the age of 14 years.

2) Foreigners or stateless individuals of Latvian or Livonian origin, if even one of their immediate relatives in the line of ascent is a Lett or a Livonian, if they satisfy the provisions of Point 1 of Article 16 of this law;

3) Individuals who, not being citizens of the Latvian State, arrived in Latvia legally and lived there continuously until 17 June 1940 as well as their descendants, with the exception of those persons who arrived in Latvia in accordance with provisions of the Mutual Assistance Pact of Latvia and the USSR of 5 October 1939. The provisions of Points 1, 3, 4, 5, and 6 of Article 16 of this law apply to those persons.

4) Spouses of citizens of the Latvian State, if the marriage has lasted for not less than five years, except for provisions listed in Points 1, 3, 4, 5, and 6 of Article 16 of this law.

5) Individuals with special achievements before the Latvian Republic—on the basis of a separate decree by the Saeima;

6) Former citizens of Estonia and Lithuania and their descendants living permanently in Latvia, except for provisions listed in Points 1, 4, 5, and 6 of Article 16 of this law.

#### **Article 18. Grounds for refusal of naturalization**

Citizenship of the Latvian State is refused for individuals who:

1) Were opposed to the independence of the Latvian Republic and also the democratic and parliamentary state order of this state or the existing state power in Latvia if that is documented;

2) Were sentenced to deprivation of freedom for the commission of a crime or held legally responsible at the time the question concerning their naturalization was being considered;

3) Are officials of organs of state power or administrative and law enforcement organs of foreign countries;

4) Are serving in the armed forces, internal forces, or security service or police of foreign countries;

5) Selected the Latvian Republic as a place of residence after 5 October 1939 following discharge from the armed forces of the USSR, internal forces, or security services of the USSR whose permanent place of residence at the time of entry into service was Latvia;

6) Took part in the January (1991) attempt to organize a state coup d'état or the August coup d'état of the same year or supported them, providing that fact is documented;

7) Committed an international crime, crimes against humanity or a military crime, if that is indicated by a court decision;

- 8) Are former mercenaries, terrorists, or individuals participating in mass repressions, providing that fact has been documented;
- 9) Disseminated ideas of chauvinism, fascism, national-socialism, communism or other totalitarian ideas, or fanned national or racial hostility after 4 May 1990, providing that fact can be documented;
- 10) Were sent to Latvia after 17 June 1940 as staff workers of the CPSU or the Komsomol;
- 11) Are registered at state narcotic centers;
- 12) Were secret informers or secret agents of intelligence services of the KGB (Latvian SSR) or other countries, if this fact is documented;
- 13) Have no legal means of support.

#### **Section 4. Loss of citizenship of the Latvian State and its restoration**

##### **Article 19. Loss of citizenship**

Citizenship of the Latvian State is lost in the following cases:

- 1) A person voluntarily renounces the citizenship;
- 2) A person is deprived of citizenship in accordance with a decision of the Supreme Court of the Latvian Republic;
- 3) In other cases stipulated by this law.

##### **Article 20. Restrictions on voluntary renunciation of citizenship**

Renunciation of citizenship may be prohibited if the individual submitting the application for renunciation of citizenship:

- 1) Attained the age of consent but has not complied with the compulsory military service requirement;
- 2) Is being held legally responsible both as an accused and also in cases when a court sentence established in accordance with the law has gone into effect.

##### **Article 21. Deprivation of citizenship**

A person may be deprived of the citizenship of the Latvian State in accordance with a decree of the Supreme Court of the Latvian Republic, if such a person:

- 1) Acted against the independence of Latvia or is guilty of treason to the homeland;
- 2) Entered the service of organs of state power, administration, the armed forces, internal forces, security service, police (militia) or other law enforcement organs of foreign countries without the authorization of state organs of the Latvian Republic;
- 3) Following naturalization or acquisition of the citizenship of the Latvian State in some other way knowingly supplied false information on himself or violated the oath of the citizen of the Latvian State taken upon naturalization.

Compulsory deprivation of citizenship does not involve the citizenship of family members.

##### **Article 22. Restoration of citizenship**

A person deprived of citizenship of the Latvian State as a result of a choice made by parents or because of adoption or one who is deprived of citizenship as a result of a legal error or illegal acts, may regain citizenship upon a personal declaration in accordance with the decree of the government on restoration of citizenship regardless of the time elapsed.

An individual who is deprived of the citizenship of the Latvian State on a legal basis or who voluntarily relinquished citizenship may regain the citizenship only by means of naturalization. If that person resides permanently in Latvia the period of residence is calculated from the time citizenship is lost.

##### **Section 5. Citizenship of minor children in cases involving change in citizenship of parents or adoption**

##### **Article 23. Change in citizenship of minor children in cases involving change in citizenship of both parents**

If both parents become citizens of the Latvian State or both voluntarily relinquish citizenship of the Latvian State the citizenship of those of their children under the age of 14 living with their parents who support them, also changes accordingly.

##### **Article 24. Acquisition of citizenship of the Latvian State by foreign minor children if one of their parents becomes naturalized in the Latvian Republic**

In cases when one of the parents becomes naturalized in Latvia, while the second one remains a foreigner, their foreign minor child is granted citizenship of the Latvian State if:

- 1) Both of the parents consent;
- 2) Parents have not consented but Latvia is the child's permanent place of residence;
- 3) Divorced parents reside abroad permanently and the child lives with the parent who is being naturalized in Latvia.

If one of the parents is being naturalized in Latvia while the other one remains stateless their minor child becomes a citizen of the Latvian State regardless of his permanent place of residence.

##### **Article 25. Retention of Latvian citizenship by minor children if one of the parents loses citizenship**

In cases when one of the parents loses citizenship while the second one keeps Latvian citizenship, the child retains Latvian citizenship if he is permanently residing

in Latvia or lives with the parent who retained the citizenship of the Latvian State.

If the parent with whom the child is living loses citizenship and departs for permanent residence outside the boundaries of Latvia that child loses the citizenship of the Latvian State.

#### **Article 26. Naturalization by adoption**

If citizens of Latvia adopt a foreign minor child the child acquires the citizenship of the parents.

If a foreigner who is a minor child is adopted by a married couple one of whom is a citizen of the Latvian State, while the second one is a foreigner, the child acquires the citizenship of Latvia in the following cases:

- 1) Upon consent of those adopting;
- 2) If Latvia is the permanent place of residence of both parents or the one with whom the child is living.

#### **Article 27. Retention of citizenship of the Latvian State and its loss in cases when minor children are adopted by foreigners**

In cases when a citizen of the Latvian State who is a minor child is adopted by foreigners or married couples one of whom is a citizen of the Latvian State and the other a foreigner, the child retains citizenship of the Latvian State if Latvia is the permanent place of residence of both of those adopting the child or of one of them with whom the child is living.

A citizen of the Latvian State who is a minor child and is adopted by foreigners may be deprived of citizenship on the request of those adopting him if both spouses reside permanently outside the boundaries of Latvia.

A citizen of Latvia who is a minor child adopted by stateless individuals or a married couple one of whom is a citizen of the Latvian State, while the second one is stateless, retains citizenship of the Latvian State regardless of the place of residence of the parents.

In cases when the adoption is recognized as being invalid any change in the citizenship of the child may be subject to review.

#### **Article 28. Necessity of acquiring the consent of a minor child in change of citizenship**

The citizenship of minor children aged from 14 to 18 in accordance with the citizenship of their parents (adoptive parents) may be changed only with their written consent.

If the citizenship of a minor child has changed in connection with a change in the citizenship of the parents or adoptive parents without his written consent, upon attaining the age of consent he has the right to regain citizenship of the Latvian State regardless of the time of residence in Latvia.

In cases of marriage of a citizen of the Latvian State to a foreigner when the child acquires the citizenship of another country, he has the right of becoming naturalized in Latvia without meeting the residency qualification.

#### **Section 6. Interstate agreements**

#### **Article 29. Application of interstate agreements**

If an interstate agreement ratified by the Saeima of the Latvian Republic stipulates conditions other than those established by this law, provisions of the interstate agreement shall apply.

#### **Section 7. Authority of state organs in matters of citizenship, formalization and documentation in citizenship matters**

#### **Article 30. Organs dealing with matters of naturalization and loss of citizenship**

Decisions concerning naturalization and voluntary forfeiture of citizenship are made by the Department of Citizenship and Immigration Affairs. Those decisions may be appealed in court.

Questions concerning compulsory loss of citizenship on recommendation of the Department of Citizenship and Immigration Affairs are resolved by the Supreme Court of the Latvian Republic. Naturalization in accordance with Point 5 of Article 17 of this law is conducted by the Department of Citizenship and Immigration Affairs in accordance with the Saeima decree.

#### **Article 31. Submission and examination of applications**

Applications for citizenship of the Latvian State are submitted to a branch of the Department of Citizenship and Immigration Affairs at the place of permanent residence of the applicant if it is in Latvia.

Applications of individuals residing abroad may be submitted to diplomatic or consular offices of the Latvian Republic which in turn forward them to the Department of Citizenship and Immigration Affairs.

The Department of Citizenship and Immigration Affairs and its territorial branches, as well as diplomatic and consular offices of the Latvian Republic must accept all applications and complaints concerning citizenship matters.

Individuals mentioned in Point 3 of Article 17 of this law submit applications to organs determined in parts one and two of this article and are naturalized if they lost their previous citizenship.

If the application is submitted in Latvia a response must be given not later than in three months, and if submitted abroad—within six months.

Citizenship applications by individuals under 18 years of age, or those who are incapacitated or unable to

submit an application independently because of health or for some other reason, are submitted by their legal representatives.

Citizens of other countries must attach documents to their application for naturalization in Latvia confirming the position of the appropriate country regarding the intentions of that individual to be naturalized in Latvia.

#### **Article 32. Investigation of the validity of citizenship of the Latvian State and resolution of disputes**

The validity of Latvian State citizenship of an individual residing in Latvia is determined by the Department of Citizenship and Immigration Affairs and its branches, while questions regarding the citizenship of individuals residing abroad are entertained by diplomatic or consular offices of the Latvian Republic which, in turn, submit the materials to the Department for Citizenship and Immigration Affairs in Latvia. It is the task of the interested individual to submit information verifying his citizenship. Disputes concerning citizenship are resolved through the courts.

#### **Article 33. Reapplication**

Individuals whose citizenship applications were declined may reapply no earlier than a year after receipt of the previous application.

#### **Article 34. Documents confirming citizenship**

Citizenship of the Latvian State is confirmed with a passport of the Latvian Republic and a birth certificate.

#### **Article 35. The oath of a citizen**

All individuals being naturalized must sign the oath of the citizen of the Latvian State of the following content:

"I (first and last name), born in (place of birth, year, date), do solemnly swear allegiance to the Latvian Republic. I renounce totally and forever the citizenship of or allegiance to any other state.

"I shall be faithful to the Satversma of the Latvian Republic and pledge to diligently fulfill the Satversma and the laws of the Latvian Republic and defend them with all of my strength.

"I pledge to defend the independence of the Latvian State without sparing my life."

#### **Section 8. Conditions of implementation**

##### **Article 36. The implementation of the norms of this law**

The norms of this law pertaining to current citizens of the Latvian State go into effect with the adoption of this law while naturalization provisions, in accordance with conditions of Article 15 of this law, become effective after the complete withdrawal of units of the Army of the Russian Federation from the territory of Latvia. This restriction does not apply to groups of individuals mentioned in Article 17 of this law.

Individuals registered as citizens of the Latvian State before the effective date of this law in accordance with Point 3.2 of the decree of the Supreme Council of the Latvian Republic of 15 October 1991 on restoration of the rights of citizens of the Latvian Republic and principal conditions for naturalization and the decree of the Supreme Council of the Latvian Republic of 28 October 1992 on conditions of recognition of the citizenship of the Latvian Republic for individuals who resided within the boundaries of Latvia prior to 1 August 1914 and their descendants, are citizens of the Latvian State and their registration is not deemed invalid with the exception of cases stipulated in Article 21 of this law.

#### **Article 37. Laws and decrees no longer in force**

With the coming into effect of this law the following decrees and laws will expire: the decree of the Supreme Council of the Latvian Republic of 15 October 1991 on restoration of the rights of citizens of the Latvian Republic and the basic principles of naturalization; the decree of the Supreme Council of the Latvian Republic of 27 November 1991 on conditions governing application of the provisions of the decree of the Supreme Council of the Latvian Republic of 15 October 1991 on restoration of the rights of citizens of the Latvian Republic and the basic principles of naturalization for citizens of the Latvian Republic residing abroad; decree of the Supreme Council of the Latvian Republic of 28 October 1992 on introduction of amendments and additions in the decree of the Supreme Council of the Latvian Republic of 15 October 1991 on restoration of the rights of citizens of the Latvian Republic and the basic principles of naturalization; decree of the Supreme Council of the Latvian Republic of 28 October 1992 on requirements for recognition of citizenship of the Latvian Republic of individuals permanently residing on its territory prior to 1 October 1914 and their descendants, and the decree of the Supreme Council of the Latvian Republic of 2 February 1993 on the temporary statute concerning the loss of citizenship of the Latvian Republic by citizens of the Latvian Republic renouncing citizenship of the Latvian Republic.

The law was adopted by the Saeima on (date) 1993.

#### **Former Justice Minister on Aid for Emigration**

944K0163A Riga ATMODA ATPUTAI in Latvian  
o 76, 6 Oct 93 p 5

[Interview with former politologist, Justice Minister Egils Levits by Askolds Rodins: "Today's Problems Usually Do Not Have 'Left,' 'Right,' or 'Center' Solutions"]

[Text]

[Rodins] Mr. Levits, in Latvia you are known not only as the Minister of Justice but also a political scientist. If you have no objections, let's discuss Latvia's political spectrum. Left, Right and Center, this is the classification that

*we have inherited from the 19th century. What is the real situation in contemporary Europe?*

[Levits] This traditional division still stands, but it has become considerably more qualified, because in the 19th Century this division was an answer, or to be more accurate, a variety of answers to that century's problems. Now, at the culmination of the 20th Century, answers have to be provided to other problems. Therefore, we cannot adapt 19th Century answers to today's realities. As an example, in the 19th Century, ecological problems did not exist. Actually, such problems did exist, but they were not acknowledged as issues. Now, we have a totally different perspective, and we must be able to respond with answers to these problems. For example, there is a problem with solid waste dumps near major cities. It is not possible to tell what is a "left," "right," or "centrist" answer to this question. We encounter this in solving many problems. Therefore, in Western Europe this traditional division is, as I earlier indicated, highly qualified. Many conservative parties designate themselves as the party of all the people, which defend the interests of the socially deprived. In Germany that is the status of the Christian Democratic Party (KDS). Election results show that more workers vote for the KDS than vote for the Social Democrats. In the 19th Century, society was much simpler. The great mass of people had their well-defined, and quite changeless role in society. For example, Worker or Peasant. If someone was called a worker, this also defined his way of life, his educational level, and his point of view. In our well-developed society the person is considerably more multi-faceted. Let's say that an engineer is also a user of public transportation services (public transportation development issues also have to have political answers), a resident of his city, and, let us assume, a connoisseur of the arts. As a connoisseur of the arts, he is interested in a greater budget allocation to the arts, as a user of public transportation, he is interested more in the building of a metro, rather than in the improvement of roads. If this person owned a passenger car, he would have an entirely different perspective. Two persons, who have diametrically opposed views on a foreign policy matter (for example, whether their country should or should not be a member of the European Community), can be in complete agreement with respect to other matters (as for example, whether to build a nuclear power generator next to their city). Under the pressure of such factors, the political parties have lost the unmistakable demarcations that were established a century earlier.

[Rodins] *To what extent would this traditional division of political parties be applicable to Latvia?*

[Levits] It is even less applicable to Latvia than to the more developed countries of Europe. Imagine a situation like this: Latvia must find answers to 50 problems, and we are asking for consultation in the other countries of Europe. And it can happen that we will receive similar recommendations from Swedish conservatives, Italian liberals, and Spanish socialists which will lead to the conclusion that it is impossible to state, which of the

recommendations are "liberal" and which are "socialist." It can also happen that in a range of problems that similar answers will be provided by conservatives and socialists, but different answers by liberals. On the other hand, for other problems socialists and liberals will recommend similar approaches, and the conservatives will differ.

[Rodins] *Isn't this like the fable of the four blind men who were asked to describe an elephant? There were four distinct answers, because one of the blind men felt the elephant's leg, another its tail, the third its sides and the fourth its trunk.*

[Levits] To a degree this may be the case. We really cannot apply the classical Western European political division to Latvia's political parties, even more because, as in Western Europe, this political division is quite limited. A segment of Latvia's society desires, but another part, for a variety of reasons, does not want as rapid as possible modernization. Therefore, a different tack is appropriate: parties opt for rapid or slower reforms, or even for a reversal. Therefore we must differentiate those parties that only have ideas from those which also possess problem solving capabilities and the resources to achieve results. If we analyze the programs of the various political forces in Latvia and the positions that they assume at this time, we can see fundamental differences in their approaches to reforms. We can see purely theoretical approaches, and others that are not only theory, but also on an orientation to reforms that is based on real life. For example, at this time both in the Saeima, as in society at large, there is considerable debate about the budget, but if we listen more carefully, it becomes clear, that the discussion is limited to budget expenditures, forgetting that the budget has another side—which is income. There are exceedingly few constructive suggestions how to increase budget income.

[Rodins] *Some time ago I came to the conclusion that Latvia's so called Third Awakening was a real national liberation movement, that was also quite typical.*

[Levits] I completely agree with that.

[Rodins] *If this is the case, do these conditions influence Latvia's political power? And if so, then how?*

[Levits] Certainly there is an influence. The central issue was the liberation of our country from foreign domination. This was an extremely difficult goal to achieve, albeit theoretically quite simple. If I state, "I am for independence," this is understandable to everyone. If someone says, "I am for preserving foreign domination," this is also understandable by everyone. Everyone can adopt their position. And the position of the Latvian people for the renewal of their independence was unambiguous. The adoption of this position required great courage. Now the independence of the State has been re-established, and to a great degree its external sovereignty has been insured. Concurrently, other problems have arisen and the status of national unity has eroded.

We must now solve very prosaic problems—heating, pensions, the budget. And it is entirely natural that as national unity recedes, that various groupings of people will form with differing orientations towards reforms.

[Rodins] *Is there a basis for saying that the main goal of the national liberation movement—to form a national state—has been achieved? Naturally, a national state is not the same as an ethnically homogenous state. If in 1988 Latvia would have formed not just the LNNK but LNNK "Equality," that would have been very logical, because the struggle for the equality of the Latvian language in Latvia was one of the principal objectives of the movement.*

[Levits] Even this goal has been partially achieved. If we compare with 1989, we can see that the working language of government agencies is Latvian. Government meetings are conducted in the Latvian language. In the government structures the Latvian language has assumed its proper position, with the exception of a few municipal governments.

If we speak about society at large, we must conclude that it has divided into two closed-off groups. In actual fact there is the Latvian speaking society and the Russian speaking society. Both of these groups survive in parallel. I suspect that contact between these two groups is rather minimal. "Peaceful coexistence." In business the dominance of the Latvian language is not so clear, we would have to say that the Russian speaking group dominates in this sphere. To assure the foundation of the national State, we must achieve a real bilingualism among the national minorities, that is, the representatives of the national minorities must acquire a command of the national language. We can say that we are approaching this goal—not rapidly, but also not very slowly. And we will achieve this goal, if this development is not curtailed.

[Rodins] *There is another aspect. Everyone understands how the current demographic composition of Latvia was formed. It is also well-known that there is a category of permanent residents of Latvia for whom a "Ministate on the periphery of Europe" is unacceptable. They are painfully experiencing the fact that they no longer reside in a "great and powerful" state. These people do not desire, and the majority would not be capable of, as it is now fashionable to say, to integrate themselves into a Latvian Latvia. The repatriation issue has not been raised at the national level, and it is not spoken of even now. It is this category of people which could become a fifth column in a crisis situation.*

[Levits] Yes, I agree, a portion of the "Soviet" persons cannot orient themselves to Latvia. We must help those integrate into Latvia who are able to do so, and to help those who wish to emigrate to resettle in some other country. However, this would mean that the repatriation program would have to be included in the national budget. This is an unavoidably complex approach to a problem, and a repatriation program is incontrovertibly

a complex part of such an undertaking. People who wish to return to their historical homeland, most often cannot do this due to material and bureaucratic barriers.

[Rodins] *Actually, these people have a restricted choice of options.*

[Levits] That is so. And, as I said earlier, the problem must be solved in its complexity. Repatriation without a doubt implies expenditures. I feel that we must find the resources to provide significant help to those that wish to repatriate.

### **Structure of Ministry for Environment Protection Outlined**

944K0161A Riga ELPA in Latvian No 37, 8 Oct 93 p 4

[Unattributed article: "Structure of the Ministry of Environmental Protection and Regional Development"]

[Text]

### **Structure of the Ministry of Environmental Protection and Regional Development**

Note: The Ministry is comprised of a staff of 96.

Environmental Protection and Regional Development Minister: Girts Lukins

The Environmental Protection and Regional Development Minister is a political appointee responsible for environmental protection and regional development in Latvia. He is responsible for the operation of the Ministry, its strategy, and he is responsible for all of the institutions subordinate to the Ministry or under its management. He represents the Ministry in all situations which require special authorization and performs other duties as required by the Cabinet of Ministers.

State Minister for Environmental Protection: Indulis Emsis

The State Minister is responsible for the environmental protection of Latvia.

Assistant to the State Minister

Parliamentary Secretary: Aivars Prieditis

The Parliamentary Secretary is the Minister's Political Deputy, who represents the Minister's viewpoint and who maintains the relationship with the Saeima. Duties of the Parliamentary Secretary are determined by the Minister.

Assistant to the Parliamentary Secretary

State Secretary: Janis Zirnitis

The State Secretary is the administrative head of the ministry responsible for the operation of the apparatus of the Ministry. The Ministry consists of departments

and sections which function according to the regulations established by the Minister. The departments are managed by department heads.

Assistant to the State Secretary

State Secretary Deputy—Chairman of the National Board of Ecological Advisors

Environmental Protection Department: (Note: This Department, has a dotted line relationship to the State Minister for Environmental Protection): Vails Vilnitis, Director

The Environmental Protection Department monitors the condition of the environment and forecasts changes to the environment; sets priorities and prepares proposals for necessary scientific research in the sphere of environmental protection; works with international conventions; formulates the political goals and priorities for environmental protection; and develops the plan for wildlife protection and management.

Human and Wildlife Protection Division

Environmental Quality Division

Technology Division

Regional Development Department: Arijā Helmane, Director

The Regional Development Department facilitates a process, that with the assistance of territorial planning, develops guidelines such that tasks serving the interests of physical and juridical persons relating to natural resources, land use and construction, would stimulate economic activity and promote a balanced development serving the national and social interests of Latvia for living, work and recreation in the counties and cities.

Regional Planning Section

City Planning Section

Wildlife Management and State Catastrophe Section (Note: This section has a dotted line relationship to the Office of the State Secretary)

Enterprise Development Section

Law, Economics and Foreign Affairs Department: Gita Rutina, Director

The Law, Economics and Foreign Affairs Department is an autonomous, structural element of the ministry, which has been formed to provide for environmental protection and for regional development, as well as the legal foundations for the Ministry, and for the resolution of economic issues relating to environmental protection and regional development and for the coordination of the foreign affairs of the Ministry.

Law Section

Economic Issues Section

Foreign Affairs Section

Project Management and Public Education Department: Zigfrids Bruvers, Director

Project Management Section: The Project Management Section organizes and coordinates environmental protection and regional development, project development and implementation, and participates in the coordination of issues with other governmental institutions that are within the sphere of responsibility of the Ministry. This Section organizes and coordinates cooperation with multilateral organizations, with foreign governments and with businesses. The Section is responsible for the organization and implementation of environmental protection and regional development projects and scientific research.

Public Affairs and Public Education Section: The principal responsibility of the Public Affairs and Public Education Section is to prepare and present information to the public about the condition of the environment and about initiatives to improve the condition of the environment, as well as information about issues relating to regional development.

Institutions subordinate to the Ministry include:

1. Regional Environmental Protection Committees.
2. Siltene National Reservoir
3. Teicu National Reservoir
4. The Environmental Protection complex of Northern Vidzeme
5. National Environmental Inspection Service
6. National Board of Ecological Advisors
7. Environmental Problem Analysis Center
8. Environmental Analysis and Information Center
9. Geological Service

Organizations supervised by the Ministry:

1. Council on Tourism
2. Riga Zoological Park
3. State Enterprise "Radons"

Administrative Department: Rita Rumba, Director

Accounting

Human Resources

Chancellery

Services

**Oil Production Prospects in Latvia Described**

944 K016/3 Riga NEATKARIGA CINA in Latvian  
12 Oct 93 p 2

[Text]

**Chemists' Retorts Need Latvian Oil**

Arthur Henins

*I was present at the following substantive discussion of chemists and geologists. I can confirm that Latvia's depths contain enough oil, for chemical science and small scale chemical industry to revive in the nearest future. If in the Soviet period the oil that was drilled in the Kurzene province didn't appear to warrant serious attention, then these resources can be not only profitable, but even opportune, for Latvia's small scale chemical industry in the context of today's world prices.*

Last Wednesday there was a meeting of chemists and geologists in the conference room of Viesturs Drikis, Director of the state enterprise Latvian Geology (*Latvijas ģeologs*). Doctor of Chemistry Janis Freimanis, Chairman of the Strategic Research Commission of the Latvian Academy of Sciences stated that the development of Latvian science and industry is at a crossroads. Regardless of which politicians are in power, for scientists and technologists the fundamental issues remains the effective utilization of local raw materials. Therefore the most important question becomes whether geologists have practical access to oil to pour into their retorts.

Anatoly Sokurenko, the chief geologist of the firm, has since 1968 conducted research into Latvia's oil resources. All the research has been conducted under his sight, he has been in direct physical contact with the results. Anatoly Sokurenko, as the long term leader of this expedition, can give a definitive answer to a scientific question:

- Yes, we know of three sites in Latvia where there is oil: Adze in the Kuldiga region, Durbe and at Bernatos near the city of Liepaja.

In their 25 years of exploration Latvia's oil explorers have had major advances as well as reversals. Their first success occurred in the late 1960s. At that time the geologists discovered a 180,000 tonne deposit of oil at a depth of 830 meters which was a heavy crude that was floating on water. With the technology of the period 30-35% of the oil could be extracted. Calculations show that one and one half tonnes of oil could be extracted per day from this find.

Geologists have determined the location of an additional two oil deposits in the same area which are even larger than the above. However, the gathering system for these finds were poor. One of them could yield only as much as 800 liters per day with a forced extraction using a hundred drillings. In the second discovery, 70 percent of the drillings gave indication of an oil deposit. Twenty five years ago these discoveries were of little interest. Intensive oil

recovery techniques were not used, and therefore the size of these deposits were not even estimated.

If the discussion is about the site south of Durbe, there during 1967 and 1968 oil was sighted in three drillings. These sites also had weak collection systems. With the recovery techniques of the time, only 300 to 350 liters of oil could be extracted per day.

In 1970 oil exploration was curtailed in Latvia. The well heads were filled with cement which were covered with concrete bridges.

Fifteen peaceful years passed until in neighboring Lithuania a geologist's drill hole resulted in a gusher that produced 120 tonnes per day. But we are on similar formations within the same tectonic conditions. This prompted Latvia's economy to generate the resources for oil exploration. In 1989 our geologists began to examine their baggage and to review their earlier data. They have come to the conclusion that the mid-1960s methods are imprecise and ineffective. The science and technology of oil exploration have progressed. The techniques of exploiting oil discoveries have become not only more precise, but also less costly. In the following year exploratory drillings were resumed. *Professor Drill* is, and remains the most accurate way to explore the Earth's interior.

Why weren't Latvian geologists as fortunate in finding comparable oil fields as did the Lithuanians? This is because these potential fields occur at depths of 1,900 to 2,000 meters. However, Latvia's geologists, searching for sources of water for industry, and exploring the geological structures, could only drill to 1,300 meters with the technology that was available to them. There were, however, indications of the presence of hydrocarbon deposits in underground gasses.

Seismic studies are being concluded which will indicate the geologic structure and the presence of oil deposits. Seven potential sites have been found which quite simply have to be explored by *Professor Drill*. In the course of the next two weeks we should know the results from the new drilling at Adze. In the highest geology trinity in the Nation, which is comprised of Viesturs Drikis, Anatoly Sokurenko and the Chief Geologist Janis Prols, are expecting to drill next at Bernatos. This is the largest oil field with the greatest potential. That is the dry land from Paplakas to the sea and to Liepaja itself.

Analysis to date reveals that Latvia's crude oil has a good chemical composition. Practically speaking, it has no sulfur, but has a high percentage of paraffin.

The geologists are awaiting the users of the oil that has been discovered to whom they can provide contact, respectively services, to assure the further exploitation of this oil.

From the outset the geologists are guaranteeing production of 800 liters per day, of which 350 liters would be thick, heavy crude oil. But this is a quantity that can completely meet the requirements of our small-scale chemical industry, including those of the Olaine facility.

Before we wax enthusiastic about Janis Freimanis's idea, which was endorsed the following day by the Board of Directors of the Academy of Sciences, I would like to cast a prayer and wish that every chemist would be helped from the very beginning by some fantastic Cerberus guardian of Nature, and that everything would happen as it should happen in the civilized world, which is that the crude oil will not spill over from the crucibles of the chemists into the ditches and streams of Kurzeme.

### **Latvian Wood Products Top Export List**

*944K0290A Riga DIYENA in Russian 8 Nov 93 p 1  
(Business Supplement)*

[Unattributed report: "Foreign Firms in Latvia Most Often Want To Buy Wood Products"]

[Text] After examining the offers from foreign firms which the Latvian Chamber of Commerce has at its disposal, one can see that what foreign firms want most often to buy in Latvia—despite the fact that frequently the quality of Latvian products does not measure up to Western standards—is specifically wood products. Such a desire has been expressed by 19.36 percent of these firms. Then come metals and foodstuffs. To be sure, we should add here that the foreign firms basically want to purchase raw materials. Among the wood products what they want is pulpwood, lumber, plywood, furniture components; among the metals the greatest demand is enjoyed by ferrous and non-ferrous scrap. Offers to buy finished goods are rarely encountered here. Many foreign entrepreneurs have expressed a desire to obtain in Latvia such items as are not produced here at all. As examples we could cite salt, rice, mahogany, and other items. Some entrepreneurs have also expressed a desire to acquire plots of land in Riga or its environs.

If we take into account the geography of those countries which are interested in purchasing Latvian products, we can draw the following conclusion. The greatest interest in our products has been manifested by German entrepreneurs. If you recall (DELOVOY DEN, 11 October), it is precisely the German entrepreneurs who have invested the largest funds in Latvian enterprises. Now it can be boldly stated that Germany is Latvia's biggest partner. Moreover, Swedish and British businessmen have also shown great interest in Latvian items. In addition to the European states, Latvia's products have also attracted the interest of such countries as Nigeria, Malaysia, Sri Lanka, and others. Our items are of minimal interest to Latvia's closest neighbors—Estonia, Lithuania, and Russia.

1. Wood products	19.36%
2. Furniture	8%
3. Metals	14.02%
4. Foodstuffs	14.03%
5. Textile goods	19.36%
6. Industrial chemicals	19.36%
7. Other goods	19.36%

### **Mine Clearing at Zvarde Artillery Range Completed For Season**

*944K0250A Riga DIYENA in Russian 2 Nov 93 pp 1, 6*

[Article by Liga Layzane, Zvarde, 1 Nov: "The First Season of Mine Clearing is Finished at the Zvarde Range—Another 30 To Go"]

[Text] Mine-clearing work had been underway at the Zvarde artillery range for almost six months. The officers and soldiers of the Combat Engineering Battalion, having completed that work, have today been sent back to their base location at Salaspils. This was the first working season for the combat engineers of the Latvian Defense Forces at Zvarde, but battalion commander Valter Kurnis surmises that the complete clearing of mines from the range will take approximately 30 years.

Some 364 explosive devices, aerial bombs, mortar rounds, artillery shells, hand grenades, detonators and incendiary bombs were destroyed this summer. There were 159 ha [hectares] of the range surveyed to a depth of 20 cm [centimeters], and 10 ha to a depth of three meters. What has been done does not look all that impressive compared to the area of the whole range—some 42,000 ha—but this is all that the combat engineers had the manpower for, V. Kurnis told DIYENA.

The engineers employ Russian-made hardware in their work, but it is not effective enough. The mine detectors do not meet technical standards, in accordance with which a mine should be detected to a depth of up to 40 cm; the mines are in fact looked for to a depth of just 20 cm. Matters are the same with the detection of bombs—they are looked for to a depth of two meters instead of four. V. Kurnis said that he is already tired of writing letters to various organizations requesting the hardware for mine detection.

The Russians have so far supplied our engineers with explosives, and will talk in the future about deliveries of explosives and about monetary payments for the destruction of the infernal machines they have left behind, said V. Kurnis.

A meeting is expected tomorrow with officers of combat-engineer units of the Russian Federation so as to clarify questions of payment. The Russian specialists are not taking part in the mine clearing at the range. Obtaining explosives from the arsenals of the Russian Army is a very advantageous thing. Their procurement would be quite expensive, but the combat engineers can use only the funds allocated by the Ministry of Defense. The bodies of self-government have displayed no interest whatsoever in mine clearing at the Zvarde range. The self-government bodies of Saldus Rayon, with great difficulties, have paid only for the electric power that is used by the engineer unit.

Ten soldiers on conscript service began working at the range on May 18, and their numbers later increased to 24. The engineers' work is made more difficult by the

high grass and brush that overgrow the range. The bomb detectors often react not only to the locations of bombs, but also to mica. A person can work for only half an hour with a mine detector, since he must listen attentively for changes in the signals issued by the instrument. The attention dulls when the work is any longer, said V. Kurmis. They sometimes also find something unexpected, such as a German carbine from the last war.

In the spring, when the range had just been turned over from the Russian side, the Russians announced that there were 211 unexploded aerial bombs on the range. V. Kurmis said however, that there are many more than that. They could include both German and Soviet unexploded ordnance left over from World War II, since the front line passed right through Zvarde Volost at the end of the war.

**Population Statistics by Nationality Published  
944K0250B Riga DIYENA in Russian 1 Nov 93 p 4**

[Article by Doctor of Philosophy E. Vebers based on data from the Department for Affairs of Citizenship and Immigration: "Register of Residents and Nationality"]

[Text] Data from the information center of the Register of Residents, obtained through the processing of information from primary reports transmitted from the cities and rayons of Latvia, are offered for the attention of the reader. Readers are asked to take into account that this is the first processed information, and could possibly contain inaccuracies and be incomplete. It is moreover not presented in conformity with the latest data, and thus a certain portion of the individuals included in the first report could possibly have left Latvia or died.

There were 2,454,438 people registered in Latvia as of October 7, or 92 percent, since there are considered to be 2,606,176 people living in Latvia, while the information center of the Register of Residents has processed data on 2,389,336, that is, 97.4 percent of those individuals included in the first report. The data registers of citizens

of the LR living abroad, of whom there are about 23,000, have not been entered into the central database. Information has also not been entered into the database on individuals who have to obtain permission to be in the country—those living in dormitories and Soviet servicemen, among others. The entry of data into computers on foreigners that have registered in Liepāja and in Ziemeļ Rayon of the city of Riga is moreover still underway.

The aforementioned signifies that no hasty conclusions should be drawn regarding just how many Koreans, Japanese, Bashkirs, Chuvash or Udmurts live in Latvia. Quite definite conclusions can be drawn regarding the more numerous nationalities.

Information was widespread in the mass media, as is well known, that more than 40,000 Latvians, by and large Russians, have been forced to live in Latvia as non-citizens. Today 1.6 percent of Latvians are not citizens of the LR. Latvians constitute 57.5 percent of the number of individuals included in the register of residents, and 78.8 percent of the number of the citizens of the LR included in the register.

The second major group of citizens of the LR is Russians, with 39.1 percent of the registered Russians citizens of the LR. Some 29,900 Russians are known to have left Latvia last year, while 2,500 came in. These figures are 10,500 and 709 respectively for the first half of this year. Citizens of the LR make up 59.6 percent of the number of registered Russians in Daugavpils, and 12.5 percent in Liepāja.

The third largest group of citizens of the LR are Poles, with 61.7 percent of the registered Poles citizens of the LR. Next come Belarusians (20.1 percent), Lithuanians (21.5 percent), Jews (45.4 percent), Gypsies (90.1 percent), Ukrainians (6.3 percent), Estonians (45.8 percent) and Germans (26.0 percent). The low proportionate share of citizens of the LR among Ukrainians is due to the fact that Ukrainians are not a historical minority in Latvia.

**Distribution of Residents of Latvia by Nationality**

Nationality	Citizens	Others	Total
1	2	3	4
not indicated	0	1,672	1,672
Latvian	1,351,894	21,555	1,373,449
Lithuanian	7,041	25,675	32,716
Estonian	1,305	1,547	2,852
American	4	3	7
Australian	4	7	11
Canadian	1	0	1
British	6	27	33
German	917	2,609	3,526
Swedish	9	15	24

## Distribution of Residents of Latvia by Nationality (Continued)

Nationality	Citizens	Others	Total
Armenian	273	1,875	2,148
Azerbaijani	148	1,187	1,335
Belarusian	20,405	81,243	101,648
Georgian	173	691	864
Kazakh	23	212	235
Kyrgyz	6	18	24
Russian	277,352	436,000	709,952
Moldovan	130	1,573	1,703
Tajik	13	75	88
Turkmen	3	41	44
Ukrainian	3,914	58,025	61,939
Uzbek	47	233	280
Albanian	1	1	2
Austrian	2	3	5
Bulgarian	27	287	314
Czech	3	0	3
French	10	4	14
Greek	54	233	287
Croatian	5	9	14
Italian	4	2	6
Irish	1	0	1
Macedonian	0	1	1
Norwegian	1	2	3
Polish	38,249	23,796	62,045
Portuguese	1	0	1
Rumanian	24	571	595
Slovak	7	27	34
Slovenian	0	2	2
Finnish	57	422	479
Spanish	2	23	25
Swiss	0	1	1
Hungarian	34	236	270
Afghan	1	5	6
Arab	0	9	9
Jewish	6,631	7,985	14,616
Japanese	4	1	2 [as published]
Korean	20	152	172
Chinese	0	10	10
Lebanese	1	7	8
Mongolian	0	5	5
Syrian	0	2	2
Turkish	3	4	7
Vietnamese	0	1	1
Argentine	0	2	2

## Distribution of Residents of Latvia by Nationality (Continued)

Nationality	Citizens	Others	Total
Chilean	1	0	1
Cuban	3	6	9
Mexican	3	3	6
Uruguayan	1	2	3
Algerian	0	1	1
Egyptian	0	1	1
Tunisian	0	2	2
Abkhazian	0	27	27
Adygey	0	12	12
Avar	0	3	3
Balkarian	0	5	5
Bashkir	7	245	252
Buryat	2	33	35
Chechen	9	63	72
Circassian	4	18	22
Gypsy	6,104	665	6,769
Chuvash	23	931	954
Darginets	4	17	21
Gagauz	1	92	93
Galician	0	5	5
Dutch	3	4	7
Ingush	0	23	23
Yakut	4	39	43
Kabardian	3	30	33
Kalmyk	1	21	22
Karachayev	1	7	8
Karelian	9	339	348
Komi	11	305	316
Crimean Tatars	1	18	19
Kumyk	2	33	35
Kurds	1	4	5
Lakiytssian	1	25	26
Lezgip	16	188	204
Livitsian	179	1	180
Mariy	5	272	277
Montenegrin	2	4	6
Mordovian	21	750	771
Ossetian	29	295	324
Serbian	8	11	19
Scottish	1	1	2
Tatar	144	3,021	3,165
Tuvinian	0	1	1
Udmurt	3	305	308
Others	467	851	1,318

**Location of Russian Forces in Latvia Pinpointed**  
**944K0250B Riga DIYENA in Russian 2 Nov 93 p 2**

[Article by Yuris Dobelis: "In the Forests, in the Bushes and in the Fields in the Vicinity of Riga..."]

[Text] *How do matters stand in reality with the withdrawal of Russian army units from the vicinity of Riga? These units, of course, exist. Along both banks of the Daugava. Their size has decreased a little bit, but they are holding on still. One should also be reminded, however, that there were about 100,000 servicemen of the USSR completing active service in Latvia at the end of the 1970s; their numbers are less than 20,000 today. Something has already been accomplished. The treaties between the nations today are a case where each is acting as he can. The fact that the withdrawal of all of these occupation troops will not be something homogeneous must also be remembered. This matter was started long ago, even though some of today's "heroes" were only smirking on this score a few years ago. While the size of the Russian military has already decreased by roughly six times today, what has begun must be continued, making use of every opportunity and, naturally, any negotiations. There are certain knots of contradictions (Skrunda, among others) that will have to be resolved, but further monitoring actions right up until the withdrawal of the last Russian soldier from Latvia will be required for the whole process in any case. So what is located not far from Riga?*

**Right Bank of the Daugava**

**First Square.** Bukluty is located right on the border of Riga. Reconnaissance for communications troops is stationed there. You just leave Riga and the "pathfinders" are right in front of you again. Some of them are right here, right next to it and on the territory of the city, with antenna fields located outside the city limits. There is a special-purpose radio intercept brigade here.

**Second Square.** An intelligence directorate of communications troops has also set up housekeeping here. These services complement each other. These are by and large technical personnel.

**Third Square.** A special place. A rural building can be seen beyond the center of Adazi on the right bank of the Gauja left of the road. It looks like a quiet Latvian home. There is a solid fence around it, there are no inscriptions, and everything looks dead beyond the fence itself. *Ieli*—this is the main location where intelligence command and control exercises are held. There are also communications troops.

**Fourth Square.** A quite disorderly structure with neglected railroad sidings. A quite disorderly contingent dressed in both military and civilian clothes. Communications troops.

**Fifth Square.** More substantial buildings—barracks and residential housing located alongside. A unit of the 25th Motorized-Rifle Brigade is located here. They are armed

with various common items. T-72 tanks, armored personnel carriers, a *Grad* rocket launcher, self-propelled howitzers. Quite substantial storage areas with a large quantity of firearms. What are they intended for? The number of people in uniform is much fewer than the quantity of weaponry. Perhaps somebody is hoping to offer these weapons to some "fighters," such as Red Guard workers, for example? Adazi and Dobele each occupies its place to the side of Riga and not far away. This 25th Brigade is at both, and includes a certain number of hired personnel. How do matters stand with these most "strategic interests?" Perhaps they have now become tactical?

**Sixth Square.** A calm water surface. Alongside Dunezers. A rest camp. They do not want to turn it over amicably. Everything is solidly set up here, after all. In Latvia they hunted for game and fowl where Latvians were not permitted within gunshot range, and "relaxed" wherever they liked. Permission was not needed, after all.

**Seventh Square.** The same place, in Adazi. Communications service, but with intelligence functions nonetheless. Reconnaissance troops on top of reconnaissance troops on top of reconnaissance troops.

**Eighth Square.** Still again in Adazi. A back-up command post was also needed, after all. What wars they were preparing for here!

**Ninth Square.** Center of Garkalne. Quite peaceful-looking storage facilities. Intended for engineering and technical troops.

**Tenth Square.** Stores once again. And again in Garkalne, but further from the center. These are really enormous, after all. Great things could be done here. Weapons are stored here on an area of 204 hectares. That area, true, is gradually being reduced. They are taking away these harmful objects, after all. What was all this needed for? They will be taking them out this year and next.

**Eleventh Square.** Stores once again. Fuels are stored here. There is also a trucking unit to transport the fuels. All of this and much more is located not far from the railroad station of Vangazi. There are several entrances. Several military units. Work is noticeably underway to upgrade the storage facilities. Considerable interest is naturally being felt from commercial firms. As everywhere that business is done for fuels. A very fruitful occupation, especially if everything can be received in virtually ready form.

**Twelfth Square.** Allazi. Planupe. Communications troops are located here. A unit is located on quite a considerable territory. These military are peacefully inclined. There is certain work in progress for a possible future crossing.

**Thirteenth Square.** Communications troops again, but now in another place—in Langstini. The unit is compactly located, but right next to the center of Langstini.

**Fourteenth Square.** Near Mucenijeki. Forest around. In the middle of the forest—a large military area. Many residential buildings. A air-defense service. The staff and command post of the 27th PVO [Air Defense] Corps, communications center and radio gear. The PVO forces in Latvia have been reduced considerably. They have abandoned their bases entirely in Birznijski, Skulte and Mezcijsme in Riga Rayon, and have effectively ceased their activity in many other places in Latvia, for example in Liepamaja, Tukums and Ventspils. The officers have been assembled with other bases in Mucenijeki and are preparing for the coming winter.

**Fifteenth Square.** Ropazi Volost. Silakrogs. Something like a fortress has emerged here. It is located in the forest, several kilometers from Zaksjumuzi. Recently constructed residential buildings alongside the barracks. One is not even occupied—evidently there was no time. A most diverse public is living in the residential buildings. The military unit itself is communications troops. A detached communications regiment.

**Sixteenth Square.** Stopin Volost. Cekule. Ordnance dumps again. They are considerably smaller than at Garkalne, it is true. And they are promising to remove them much sooner. Nonetheless. Imagine one enormous, common dump. Mangalsala in Riga—it is still not yet known exactly how much explosives are stored at that location, and nearby are Garkalne with its rich stores of arms and Cekule. What else but a giant shell tormenting the heart of Riga and its nearby environs? And against this background the empty and boring chatter that one frequently hears during the speeches of Russian politicians on the score of the interests of representatives of other nationalities in Latvia. Imagine if all that ordnance were to "go up" one fine day? Would we be able to sort out all of those who perish by nationality traits?

#### We Reach the Left Bank of the Daugava

The territory of Riga airport. One of the calling cards of the Latvian state. A very pretty view is revealed during the landing at the airport. There are three whole Russian military units still on the territory of Riga.

**Seventeenth Square.** Communications and direction-finding troops. They are not getting the bearings of anything in particular today, but they are sitting there nonetheless. The officers frequently go about in civilian clothes, and various people of non-military type scurry here and there.

**Eighteenth Square.** a flight-support subunit. The Russian military flies a lot, using the Riga airport. For free. And they don't even think of paying. They fly every week, every working day. Hundreds of flights a year for free. They owe the Riga Airport state enterprise thousands of lats. It would not be a bad thing here to prove by deed that Latvia sometimes is itself able to have an effect on the rate of withdrawal of the Russian army.

**Nineteenth Square.** Another subunit, or more precisely speaking a detached air squadron of the Northwestern

Group of Forces [SZGV]. It should be recalled that there are five airfields in Latvia that can be used by the Russian military and where they are present to this or that extent. Riga, Daugavpils, Lielvarde, Jekabpils and Tukums. Latvia was well provided with explosives and military airfields after World War II.

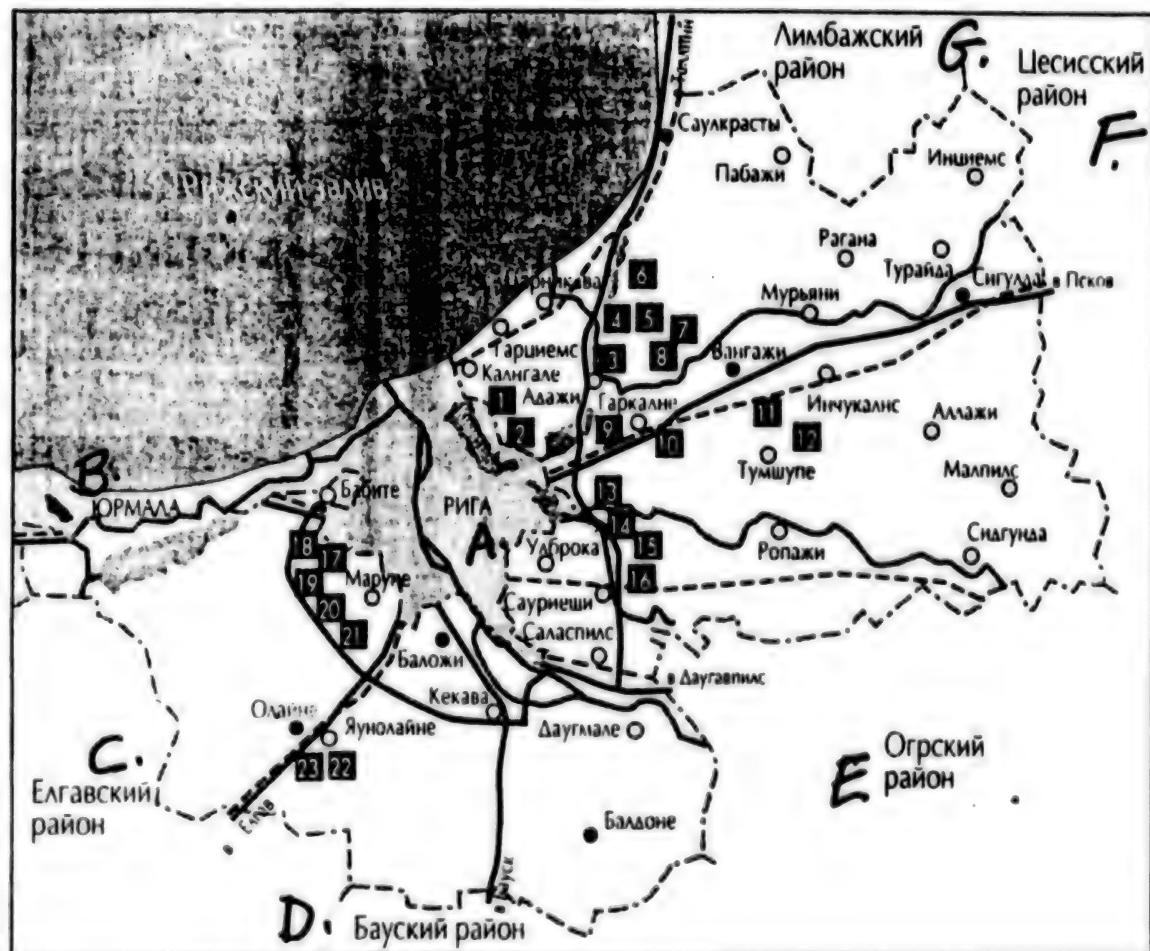
**Twentieth Square.** Yet another place where the "airborne eagles" have taken up residence. On the territory of the fourth and last—Marupe—volost. The deserted training airfield of a military school. Unkept grounds, various buildings, the future use of which has to be thought about in earnest. There really is something here for the residents of the volost to take. Naval aviation units recently left Skulte, leaving many structures, while the representatives of air defense also left, leaving four more military facilities. Thinking about Skulte, I recall last year, when I decided, accompanying UN representatives, to show them the sailors located in Skulte. I recall the highly confused UN representatives who tried to get back to their vehicles a little faster, and the sweating deputy commander of the local unit, who made remarks and retreated when I told him that this was Latvia, where he was illegally present, and it would be better to think about how to leave a little faster. There is a volost office in Skulte today, trying to solve problems new to the volost.

**Twenty-First Square.** Olajne Volost. A radio-transmission counter-intelligence subunit of the SZGV is located not far from the railroad station of Balozi. Nearby is also the station of Russian border guards of an analogous type. There are no Russian military there too.

**Twenty-Second Square.** Olajne Volost. A counter-intelligence radio-receiving subunit of the SZGV. This is the one transmits and the other receives. There is a third one as well.

**Twenty-Third Square.** Direction-finders. Counter-intelligence personnel of all stripes in one volost. The direction-finders, it is true, look somewhat neglected. A little hut in the house of a large field, a fence around with enormous holes, a skinny sheep-dog running around the field, portraying himself as a guard. Observations of late show that the intelligence troops have quietly begun gathering up their things as well. But it can be seen how many of these various types of "intelligence troops" had been sitting here all these years and are sitting openly to this day in Riga as well as in the immediate vicinity of it. How many of them, well hidden, how many of them will still be sitting here? Yes, we have work for many years remaining, so there will be no need to complain about unemployment.

Now we have taken a look in the forests around Riga, the fields and meadows. We found Russian military personnel nicely packed into the facilities they occupy. A large circle surrounding Riga on all sides results. But these are now just the remnants of the former might. That circle is also being quietly washed away, but Latvia should not let slip the strict monitoring of the dissolution of that circle until its very end.



Key:

- a. Riga
- b. Jurmala
- c. Jelgava Rayon
- d. Bauska Rayon
- e. Ergli Rayon
- f. Cēsis Rayon
- g. Limbazi Rayon
- h. Gulf of Riga

## REGIONAL AFFAIRS

### **Statute of the Baltic Assembly**

*944K0289A Riga V SAEIME I KABINETE  
MINISTROV in Russian No 20, 10 Nov 93 p 2*

[Text: "Statute of the Baltic Assembly Comprising the Republics of Latvia, Estonia, and Lithuania"]

[Text]

#### **General provisions**

The Baltic Assembly shall comprise a structure of parliamentary cooperation between the republics of Latvia, Estonia, and Lithuania.

The Baltic Assembly shall be a consultative and coordinating structure, created for the purpose of discussing matters and plans of mutual interest.

The Baltic Assembly shall be able to state its own opinion to the parliaments and governments of the republics of Latvia, Estonia, and Lithuania in the form of appeals, proposals, and recommendations addressed to international and regional organizations.

The working structures of the Baltic Assembly shall be the session, Presidium, committees, and Secretariat of the Baltic Council.

The official languages of the Baltic Assembly shall be Latvian, Estonian, and Lithuanian. The language in which the work of the Baltic Assembly is to be conducted shall be determined by means of agreement among the delegations.

#### **Session of the Baltic Assembly**

The body of the Baltic Assembly shall include 60 members of the Baltic countries' parliaments—20 deputies each from the republics of Latvia, Estonia, and Lithuania.

The parliaments represented in the Baltic Assembly shall themselves determine and specify the procedure for forming their own delegations. A session of the Baltic Assembly shall be empowered if its work is participated in by at least  $\frac{2}{3}$  of the members of the Baltic Assembly from each delegation.

A session of the Baltic Assembly shall be convoked twice a year. Upon a demand by one of the delegations, extraordinary sessions can be convoked, in that case the time and place of holding the session shall be determined by the Presidium of the Baltic Assembly.

The following shall be invited to sessions of the Baltic Assembly: members of the governments of Latvia, Estonia, and Lithuania who are concerned with matters of Baltic cooperation, as well as other members of these governments if this should prove necessary.

Representatives of the parliaments and administrative bodies of other states may be invited to sessions of the Baltic Assembly as guests and observers.

A session of the Baltic Assembly shall establish a Presidium of the Baltic Assembly, a chairman of the Presidium, committees of the Baltic Assembly, their staffs, and a Secretariat in accordance with motions made by the Baltic Assembly. Upon a motion of the Baltic Assembly Presidium, a session shall elect a secretary of the Baltic Assembly.

A session of the Baltic Assembly shall keep minutes. The minutes of a session shall be signed by the chairman of the Presidium and his deputy. The minutes of the Baltic Assembly shall be written in the language in which the session's work is being conducted.

#### **Raising and considering questions**

The right to bring up drafts of proposed documents for discussion by a session of the Baltic Assembly shall be enjoyed by committees of the Baltic Assembly, as well as by party groups and delegations. Such drafts may also be introduced by the presidents and governments of Latvia, Estonia, and Lithuania, as well as governments with the mediation of those members of the government who are concerned with matters of Baltic cooperation.

The opinion of the Baltic Assembly and its working structures shall be determined by means of voting. Members of the Baltic Assembly shall vote in person, but—if demanded by one of the delegations—all questions, with the exception of procedural ones, shall be decided only on the principle of agreement among the delegations (consensus). A decision which does not require a consensus shall be considered as adopted if it is voted for by a majority.

Treaties on cooperation with other international or regional organizations shall be concluded only in accordance with the principle of consensus. A secretary of the Baltic Assembly shall be elected in accordance with the principle of consensus among the delegations.

#### **Presidium**

With the aid of the Secretariat, the Presidium of the Baltic Assembly shall coordinate the work of the structures of the Baltic Assembly during the period between sessions, prepare for sessions of the Baltic Assembly, and monitor the execution of decisions made by the Baltic Assembly. The Presidium of the Baltic Assembly shall maintain relations with international and regional organizations, as well as with the parliaments and governments of Latvia, Estonia, Lithuania, and other states.

The Presidium of the Baltic Assembly shall include two members each from the delegation of each state—the chairman of the delegation and his deputy, who shall be approved by the national parliaments concerned.

During a session of the Baltic Assembly the Presidium shall approve a chairman and his two deputies from

among its own members. The Presidium chairman to be approved shall be a member of the delegation from that country in which the ensuing session of the Baltic Assembly is to be held. The deputies shall be approved from among the members of the delegations of the other two states involved here.

The Presidium shall hold at least four sessions a year.

The Presidium of the Baltic Republic shall present a report on its own activity to each session of the Baltic Assembly, and the latter shall give its own assessment of such activity.

Minutes shall be kept of the sessions of the Presidium of the Baltic Assembly, and these minutes shall be accessible to members of the Baltic Assembly at all sessions. The minutes shall be signed by the chairman of the Presidium and his deputies at this or the following session of the Presidium. The minutes shall be prepared by the secretary of the delegation of that country in which the particular Presidium session took place.

#### Committees of the Baltic Assembly

The Baltic Assembly shall create the following permanently acting committees:

- 1) Committee on Legal Affairs;
- 2) Committee on Socioeconomic Affairs;
- 3) Committee on Ecology and Electric-Power Engineering;
- 4) Committee on Communications;
- 5) Committee on Education, Science, and Culture;
- 6) Committee on Security and External Ties.

Upon the decision of the Baltic Assembly, other permanent and temporary committees may be set up, as well as a Committee on the Budget and Monitoring Control for the purpose of monitoring the expenditures of the Baltic Assembly.

The Baltic Assembly shall determine and specify the basic directions of the work to be done by these committees.

The committees of the Baltic Assembly shall hold at least four sessions a year.

At the end of each session of the Baltic Assembly every committee shall elect a chairman and inform the session about this.

It is usually the case that a committee member of that country in which the next session of the Baltic Assembly is to be held will be elected as committee chairman. The committee chairman shall coordinate and direct the work of the committee in question.

A committee shall formulate the documents which it has adopted in the form of appeals and shall submit them to

the Baltic Assembly, as well as to the parliaments of the assembly's member-countries.

Each delegation shall delegate its own members to the committees. Other members of the Baltic Assembly, as well as representatives of governments and experts may also be invited to attend committee sessions.

#### Secretariat

The Secretariat shall provide for and ensure the permanent, ongoing activity of the Baltic Assembly.

The Secretariat of the Baltic Assembly shall include the secretary of the Baltic Assembly, who shall be located in Riga, and the secretaries of the delegations of the Baltic Assembly, who shall be working in the parliaments of the republics of Latvia, Estonia, and Lithuania. A candidate for the office of secretary of the Baltic Assembly shall be selected by the Presidium of the Baltic Assembly and shall be nominated at a session of the Baltic Assembly. A secretary of the Baltic Assembly shall be elected for a term of three years, with the right to be re-elected for one more such term. A secretary of the Baltic Assembly and his activity shall be financed to an equal extent by all three parliaments involved. A secretary of the Baltic Assembly shall be provided with working areas by the Saeim of the Latvian Republic. The question of increasing the estimated amount allocated for the three equal parts, as well as creating additional positions can be decided only at a session of the Baltic Assembly.

The elected Secretariat shall work out its own estimate of expenditures, which shall be subject to annual approval by the Baltic Assembly.

#### Cooperation between party groups

Members of the Baltic Assembly may band together in permanent or temporary party groups, which—with regard to introducing draft proposals to the Baltic Assembly—shall be deemed equal to committees. Such a party group may be created by no less than four members from at least two states.

Party groups shall be registered in the Secretariat of the Baltic Assembly.

#### Concluding provisions

The Charter of the Baltic Assembly may be altered or amended only at a session of the Baltic Assembly.

The activity of the Baltic Assembly can be brought to a halt only after the parliaments of the republics of Latvia, Estonia, and Lithuania shall have adopted the appropriate decrees.

[Signed] Ilo Nugis, chairman of the Presidium of the Baltic Assembly, Republic of Estonia  
Gunars Meyerovics, deputy chairman of the Presidium of the Baltic Assembly, Republic of Latvia  
Egidius Bickauskas, deputy chairman of the Presidium of the Baltic Assembly, Republic of Estonia  
Tallinn, 31 October 1993

**Baltic Cooperation Faces Long, Winding Road**

944K0282A Riga *THE BALTIC OBSERVER*  
in English 5-11 Nov 93 p 4

[Article by Ilze Arklna]

[Text] The Baltic Assembly, an inter-parliamentary institution including members from Estonia, Latvia, and Lithuania, established December 1990, held its third session October 30-31.

During the session, the parliamentary delegations agreed to create a new Baltic organization—the Baltic Council, the parliamentary level of which will be formed by the Baltic Assembly. However, the Baltic Council of Ministers should be created at the executive level, they said.

The assembly then asked their respective governments to draft a respective tripartite agreement forming the Council of Baltic Ministers and its budget.

"A year and a half ago, in the second session of the Baltic Assembly in Palanga, the idea of a Baltic Council of Ministers didn't receive support. The popular view was that the Baltic countries happily left one union and did not want to rush into another. Now the attitude has changed," said Estonian delegation head Ulo Nugis.

"The movement (toward a Baltic Council of Ministers) started because of a free trade agreement between the three Baltic countries, signed September 10," Estonian MP Toomas Alatalu told *The Baltic Observer*.

**A Long Journey**

"Economic integration cannot be accomplished overnight. It can only be developed step by step. The expansion of economic ties among our countries is especially important because of the fact that Western markets remain relatively inaccessible to us. A Baltic union is an opportunity for us to qualitatively and quantitatively expand our market, and to open new ones in Eastern and Western Europe," said Lithuanian delegation head Egidijus Bickauskas.

"It would be wrong to say that there are no hurdles to overcome along the way to Baltic integration," said Bickauskas. "Real cooperation is insufficiently effective. For example, trade among the Baltic countries does not even comprise 10 percent of the foreign trade volume of four countries. The similar and at times analogous specialization of our economies creates a certain barrier for cooperation."

**Safe and Secure**

The Baltic Assembly expressed its deep dissatisfaction with the presence of Russian troops in the territory of Latvia and Estonia and stated that the appointment of a UN official to participate in the negotiations with Russia, Estonia, and Latvia would be a valuable contribution in achieving troop withdrawal.

The common wish of all three Baltic countries was to join NATO, because they saw it as the only organization which could guarantee their security.

However, instead of the originally planned appeal to the secretary general of NATO, the Baltic Assembly delivered an appeal to the north Atlantic assembly secretary general. In their appeal, the assembly expressed the desire to work out prerequisites for a gradual inclusion of interested countries into the structures of NATO.

The Baltic Assembly presidium concluded by electing Maris Budovskis, from Latvia, as its president. The next session will be held in May 1994, in Riga.

**Troop Watch Report**

944K0280A Tallinn *THE BALTIC INDEPENDENT*  
in English 29 Oct-25 Nov 93

[Compiled by Lya Oli]

[29 Oct-4 Nov 93 p 3]

[Text]

—US Secretary of State Warren Christopher stressed the importance of withdrawing Russian troops from Latvia and Estonia during his recent meeting with Russian Foreign Minister Andrey Kozyrev in Moscow (October 23).

—Between October 20 and 26, Latvian border guards detained five Russian troops on four separate occasions trying to cross the border without entry permits; a total of two unsanctioned flights by Russian air force planes were registered on October 20 and 26.

—The latest round of negotiations on the withdrawal of Russian troops from Latvia and related issues ended inconclusively on October 20, with no agreement reached on a schedule. It was decided that two groups of experts will continue work on transportation and border issues and that the next talks will be held in Jurmala, Latvia, in mid-November.

—Russia is eager to retain control over the Skrunda radar station in western Latvia until 2003 and may even agree to the speedy withdrawal of its forces from Latvia if his government acquiesces on this point, according to Latvian President Guntis Ulmanis. Mr. Ulmanis said a compromise is needed and expressed misgivings about Russia maintaining military facilities on Latvian territory, given that such facilities paved the way for Latvia's annexation by the USSR in 1940, *Diena* reported on October 19.

—Colonel General Leonid Mayorov of Russia's North-western Group of Forces and Estonian Minister for Roads and Communications Andi Meister signed a document in Tallinn completing the turnover to Estonia of the property of the Russian navy's hydrographic service (October 19).

- Between October 11 and 17, 353 Russian troops and 15 army vehicles entered Estonia while 348 troops and 15 vehicles left the country. Five Russian air force transport planes visited the former Soviet air base in Amari, northern Estonia, bringing 62 and leaving with 38 troops.
- The latest meeting of expert groups for Estonian-Russian talks on troop withdrawal was surprisingly successful and constructive, according to the head of the Estonian group, Ago Tiimann (October 22). "The Russian representatives for the first time realised the talks were between two sovereign states," he said. "[Russians] have also understood that an agreement on the withdrawal may soon become a 'fiction' as the majority of the troops have already left Estonia." The next round of talks is scheduled for November 15-17 at Lohusalu, Estonia.
- The first stage of the transfer of the Russian naval base of Paldiski in northern Estonia has been completed, the Estonian Defence Ministry announced (October 27). Estonia has taken control of the north and south ports, the navy headquarters buildings, three hostels and an army barracks, officials of the ministry said.
- The Russian naval authorities have not been able to raise the four scuttled torpedo boats in the Paldiski harbour which makes the use of the harbour impossible, officials of the Estonian defence forces said (October 27). The navy has been searching for a company to raise the boats since summer without any success.

[5-11 Nov 93 p 3]

[Text]

- The withdrawal of Russian troops from Estonia and Latvia will be sped up, and by the end of 1993 the naval base for Russia's Baltic fleet will be liquidated in Riga, according to the newspaper of the Baltic fleet, *Straž Baltiki*. The publication referred to a recent decision by the Russian Defence Ministry (November 2).
  - The US government supports the unconditional and prompt withdrawal of Russian military forces from the Baltic states, the US Embassy in Riga announced. The embassy released the remarks in a statement rejecting some Western news agency reports suggesting that Washington links the withdrawal of Russian troops from Latvia to the citizenship status of non-Latvians (October 28).
  - Latvian border guards registered two unsanctioned flights by Russian air force planes in Latvian air space, on October 27 and November 1.
  - Russian naval vessel *BTK-130* entered the Latvian port of Liepaja without a permit and was detained by border guards (October 27).
- A Russian army officer and a cadet tried to cross the Latvian border without a permit and were sent back to Russia (October 27, 31).
  - Russia would gladly sign a troop withdrawal agreement with Latvia if the Baltic country makes significant concessions on certain issues, said Aleksandr Kirssteins, chairperson of the Latvian parliament's foreign affairs commission, according to a report in *Diena* (November 2). Those concessions include giving permanent residency status to retired Russian army officers and allowing Russia to keep the Skrunda radar station, Kirssteins said. But while Latvia could make concessions in certain technical questions, Kirssteins said, the government could not make compromises in areas concerning the country's sovereignty.
  - Between October 18 and 24, Estonian border guards denied entry to 12 Russian troops who lacked proper permits; a total of 347 Russian troops and 34 army vehicles entered the country over the period while 368 troops and 12 vehicles left.
  - Three Russian air force transport planes landed on the former Russian airfield in Amari, northern Estonia, between October 18 and 24, bringing 26 troops and leaving with 51.
  - The Russian naval vessel *KIL-29* left from the port of Paldiski in northern Estonia for the Russian port of Lomonosov, carrying army equipment (October 23).
  - The environmental damage caused by the presence in Estonia of Soviet and Russian troops over more than 50 years amounts to about US \$1.2 billion, according to estimates by the Estonian Ministry of the Environment (October 27). Military airfields were the worst source of pollution, followed by military warehouses, weapons and other testing grounds, and missile bases, the ministry's report said.
  - The withdrawal of the approximately 4,000 Russian troops still in Estonia could be completed by the end of 1993 "if Russia makes the appropriate political decision," Estonian Foreign Minister Trivimi Velliste said on October 28. The initial stage of dismantling the nuclear reactors at the Paldiski naval base, however, could be completed by next spring, as well as the removal of ammunition from depots on the island of Naissaar, he suggested.

[12-18 Nov 93 p 3]

[Text]

- Nordic prime ministers called for the speedy withdrawal of Russian troops from Estonia and Latvia in a statement released during a meeting in Mariehamn, Sweden. The presence of foreign troops on the territories of sovereign states without their consent is unacceptable, the statement says. The Nordic prime ministers also stress the importance of the troop

withdrawal for the security of the whole Nordic region and offer practical assistance (November 8).

—If human rights are guaranteed in the Baltic States, Russian troops will be pulled out from the region promptly, Russia's Defence Minister Pavel Grachov said in a press conference on November 3. However, the Baltics should compensate Russia for the military property left behind in those countries, he said.

—Between October 20 and November 9, Lithuanian authorities registered four unsanctioned flights by Russian air force planes in Lithuanian airspace. Over the same period, a total of 370 trains with 1,932 wagons of Russian army equipment passed through Lithuanian territory in transit, including 27 trains with 301 wagons marked as carrying dangerous cargo.

—There are an estimated 18,000 Russian troops in Estonia and Latvia, according to data presented by the office of the Swedish prime minister at a press conference on November 4 in Stockholm. Lars Freden, security adviser to Prime Minister Carl Bildt, said there were no military or technical reasons why Russian troops could not be completely pulled out from the two Baltic countries by the end of 1993.

—Latvian border guards registered two unsanctioned flights in Latvian airspace by Russian air force planes (November 1).

—Between November 2 and 8, a total of five Russian army officers and two soldiers attempted to enter Latvia illegally by train at the Zilupe and Valmiera checkpoints.

—A new page will be turned in Russian-Baltic relations in November, the Russian news agency ITAR-TASS reported deputy foreign minister Vasily Churkin saying during a meeting with Estonian Foreign Ministry Chancellor Alar Oiljum in Moscow on November 10. According to Mr. Churkin, an agreement "in principle" has been drawn up for pulling Russian troops out of Estonia before the end of 1993.

—Between October 25 and 31, Estonian border guards denied entry to 11 Russian troops who lacked proper permits; 369 Russian troops and 11 army vehicles entered the country legally while 465 troops and 35 vehicles left the country over the period.

—Three trainloads of Russian army property were removed from Estonia (October 30 and 31); 340 tonnes of cannon shells were removed by train on October 31.

—Two Russian naval vessels, GS-66 and BTR-77, left Tallinn for Russia carrying army equipment (October 26 and 28).

—The barracks of the Russian 14th air defence division in Tallinn are in a "deplorable" state, said the Estonian defence forces' chief-of-staff, Colonel Ants Laaneots. "Even radiators had been removed from the

division headquarters and the words 'We will be back' were cut into the walls of the canteen," Colonel Laaneots said, adding that thorough repairs are needed before Estonian soldiers can be accommodated there. Estonian defence forces began the take-over of the premises of the Russian 14th air defence division on November 2.

—Russia has agreed to provide a detailed schedule for the liquidation of nuclear reactors in the Paldiski naval base in northern Estonia by November 14, according to Mark Sinisoo of the Estonian Foreign Ministry.

—The Russian army is decommissioning officers based in Estonia, who then refuse to leave the country, said head of Tallinn's migration department, Juri Rokko (November 5). It is obvious that Russia wishes to have as many [retired officers] in Estonia as possible, thus preserving its intelligence network, said Mr. Rokko.

[19-25 Nov 93 p 3]

[Text]

—Nordic defence ministers urged Russia to withdraw its remaining forces from Estonia and Latvia after a meeting in Turku, western Finland (November 16). The ministers stressed the importance of troop withdrawal for the whole Baltic sea area as urged in the final accord of the 1992 summit of the Conference on Security and Co-operation in Europe.

—Russia intends to use "economic levers" in talks with Estonia, Latvia and Lithuania, said deputy prime minister Aleksander Shokhin at a press conference in Moscow. The talks on economic matters will depend on the stance of the Baltic States on the withdrawal of Russian troops and social guarantees for the Russian-speaking population, he said.

—The Russian government has said agreements with the Baltic countries must include "adequate compensation for property or facilities built in those countries since 1940 with the money of the Soviet Union or Russia." Compensation is to be used to build housing for the troops withdrawn from the Baltics (November 10).

—Lithuanian border guards detained a Russian army truck from a unit based in Belarus in which an officer attempted to smuggle petrol to Lithuania (November 9).

—A Russian army soldier was detained on the Vilnius-Kaliningrad train after he beat up passengers and demanded money from them (November 11).

—One Russian army officer and two soldiers were detained near the Lithuanian-Latvian border when they attempted to cross to the Latvian side without documents (November 15).

- Between November 9 and 16, border guards registered three unsanctioned flights by Russian air force planes into Lithuanian air space.
- A total of 138 trains passed through the Lithuanian territory in transit, including 21 trains with 245 wagons carrying dangerous cargo, between November 9 and 16.
- Between November 1 and 7, Estonian border guards denied entry to seven Russian troops without proper permits. A total of 282 troops and ten army vehicles entered Estonia over the period while 424 troops and 17 vehicles left the country. Five Russian air force planes landed on the Amari airfield in northern Estonia, bringing 38 troops and leaving with 55.
- A train carrying Russian army equipment and personal property left through the Narva border checkpoint on November 3. The Russian naval vessel *Girokompass* took 76 tonnes of sea mines from depots on the island of Naissaar to the town of Lomonosov in Russia.
- Russian guards at the Paldiski naval base fired warning shots at an Estonian Air An-2 plane which was monitoring radiation levels in the area, BNS reported (November 11).

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**9 MAR 1994**